

NOMINATION OF WILLIAM J. CASEY

HEARING
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
NINETY-SEVENTH CONGRESS
FIRST SESSION
ON
NOMINATION OF WILLIAM J. CASEY, TO BE
DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, JANUARY 13, 1981

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NOMINATION OF WILLIAM J. CASEY TO BE DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, JANUARY 13, 1981

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 318, Russell Senate Office Building, Hon. Barry Goldwater (chairman) presiding.

Present: Senators Chafee, Lugar, Wallop, Moynihan, Huddleston, Biden, and Jackson.

Also present: Senators Kasten and Hart.

Also present: John Blake, staff director; Abram Shulsky, minority staff director—committee and Senate staff.

STATEMENT OF CHAIRMAN GOLDWATER

The CHAIRMAN. It being 10 o'clock, the meeting will come to order.

And I would ask the photographers if they would hurry up and take care of Mr. Eastman.

I am going to ask Senator Moynihan to introduce Mr. Casey. Mr. Casey, as you know, is being heard this morning for the approval of this committee to be the Director of Central Intelligence and the Central Intelligence Agency.

Senator Moynihan, we welcome you as a member of the committee and as a Senator from the home State of Mr. Casey. So you may proceed.

OPENING STATEMENT OF SENATOR MOYNIHAN

Senator MOYNIHAN. I thank you, Mr. Chairman. It is a very special personal privilege both for me and for my distinguished colleague, Mr. D'Amato, to introduce this distinguished American to you.

I would say to you, Mr. Chairman, that were there more men such as William Casey in this Nation, a President would have less difficulty filling his Cabinet or any other positions that a President might have to fill. It is the distinguished quality of this man that he has, in one form or another, served every American President since Franklin Roosevelt, when he joined the U.S. Navy in the Second World War.

His career is too well known to require any recitation from me, save to make the somewhat sad observation, what the French call *fin de ligne*, Bill Casey will surely be the last member of the OSS to direct the CIA. It will be a fitting conclusion to his own career, which began as an aide first to William J. Donovan in Washington,

and then, in the final and climactic days of the Second World War, to Col. David K. Bruce. A career so begun could only lead to the distinction that has accompanied it throughout.

But rather than hear me on the subject, Mr. Chairman, although I have a statement I would like to introduce into the record, Mr. Leo Cherne, of the Research Institute of America and of the International Rescue Committee and a long associate of Mr. Casey's, has prepared an extensive statement about his career, of which I would like to take the opportunity to read two passages only, asking that the full statement be put in the record.

The CHAIRMAN. Without objection.

[Introductory remarks of Senator Daniel Patrick Moynihan follow:]

INTRODUCTORY REMARKS OF SENATOR DANIEL PATRICK MOYNIHAN (D-N.Y.)

Mr. Chairman, it is an honor for me to join with Senator D'Amato in introducing to you Mr. William J. Casey, whom President-elect Reagan has selected for the vital post of Director of Central Intelligence.

We have noted that, as the Intelligence Community is now structured, the Director of Central Intelligence has three roles: he is the President's senior intelligence adviser, he is the manager of the Intelligence Community, and he is the Director of one of the components of the Intelligence Community, the Central Intelligence Agency. I believe—and I trust that this hearing will confirm that belief—that in Mr. Casey, the President-elect has found a man superbly well qualified to fulfill each of those responsibilities.

Mr. Casey is manifestly a man in whom the President-elect places the greatest possible trust. He is also a man who, with a long and distinguished career in government and in the private sector behind him, will not be subject to any temptation to soften or shade any unpalatable truths which the President should be told.

Mr. Casey's managerial experience goes back to the late 1930's and the early days of World War II, when, as a young lawyer working for the Research Institute of America, he was called upon by various government agencies to assist in drafting the regulations which controlled the allocation of strategic materials. Since that time, he has held numerous positions which have tested his managerial talents.

Finally, Mr. Casey has a long experience with intelligence matters and with foreign affairs. This experience ranges from the latter part of World War II, when he served in the Office of Strategic Services (the OSS) as the Chief of Intelligence Operations in the European Theater, to the recent past, when he served as a member of the President's Foreign Intelligence Advisory Board. In addition, he has been a member of the General Advisory Committee of the Arms Control and Disarmament Agency, the Undersecretary of State for Economic Affairs, the President of the Export-Import Bank and a member of the Murphy Commission, a Presidential Commission which studied the organization of the government for the conduct of foreign policy.

Nor has his foreign affairs experience been totally governmental. As a member and as President of the International Rescue Committee, he has been engaged in important humanitarian efforts in many different parts of the world, efforts which require a deep understanding of how the world works and the creativity and imagination to discover ways of helping people whom the official authorities of the world's powers are all too often willing to forget.

Thus, Mr. Chairman, it is indeed an honor for me to introduce to the Select Committee on Intelligence this distinguished son of New York. Thank you.

Senator MOYNIHAN. The first passage has to do with Mr. Casey's position on the General Advisory Committee of the U.S. Arms Control and Disarmament Agency.

FORMER POSITIONS

Mr. Cherne writes:

As a member of the Arms Control and Disarmament Advisory Committee to which he was appointed in 1969, William Casey made a vital contribution to what

may be the most important function of that Commission, the preparation for the negotiations which led to the first SALT Agreement between the U.S. and the U.S.S.R. He drew upon his substantial intelligence experience to emphasize the importance of verifiability in the control of strategic weapons. There can be no doubt that this emphasis significantly contributed to those aspects of the SALT I Agreement which dealt with verification—since direct inspection was resisted by the Soviet Union. It seems clear that the advisory contribution by Casey helped spur the arrangement whereby both nations tacitly accepted the unimpeded use of satellite observation to provide an equivalent, though by no means as reliable, instrument to assure compliance.

And second, Mr. Chairman, I would like to mention that it was at a time when Mr. Casey was a member of the President's Foreign Intelligence Advisory Board that the decision was made, a very courageous decision by the then-Director of the CIA, the Vice President-elect today, Mr. Bush, to enter the mode of competitive analysis. I refer to the "A-Team/B-Team exercise," of which this committee has inquired and about which Senator Wallop and I have had further comments.

This idea of subjecting community analysis to competition was very much a part of the work of William J. Casey. I hope that he will tell us if he plans to continue it. But Mr. Cherne testifies to his having been in at the beginning of this mode, which holds such promise to the intelligence community.

Clearly, Mr. Chairman, We have a man of the greatest distinction, and I am honored to have had the opportunity to introduce him to this committee.

The CHAIRMAN. I thank you, Senator Moynihan.

And this letter from Leo Cherne will be made a permanent part of the record.

[The complete statement follows.]

STATEMENT OF LEO CHERNE, RESEARCH INSTITUTE OF AMERICA

This Statement was prepared on January 12, 1981 at the request of Mr. Abe Shulsky, staff member of the Senate Committee on Intelligence. It brings up to date my evaluation of the work of William J. Casey since his period of service as Chairman of the Securities and Exchange Commission. His governmental activities since then have been extensive and this Statement, therefore, is intended to highlight the intelligence aspects of the several responsibilities he has carried in recent years.

ADVISORY COMMITTEE OF THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY

As a member of the Arms Control and Disarmament Advisory Committee to which he was appointed in 1969, William Casey made a vital contribution to what may be the most important function of that Commission—the preparation for the negotiations which led to the first SALT agreement between the U.S. and the U.S.S.R. He drew upon his substantial intelligence experience to emphasize the importance of verifiability in the control of strategic weapons. There can be no doubt that this emphasis significantly contributed to those aspects of the SALT I Agreement which dealt with verification (since direct inspection was resisted by the Soviet Union). It seems clear that the advisory contribution by Casey helped spur the arrangement whereby both nations tacitly accepted the unimpeded use of satellite observation to provide an equivalent, though by no means as reliable, instrument to assure compliance.

EXPORT-IMPORT BANK

The subsequent appointment as Chairman and President of the Export-Import Bank by definition involved him in the work of that agency to provide funding for vital industrial and other projects overseas, including the Soviet Union and some of the Warsaw Pact countries. In contrast to the activities of private banks and of international lending institutions, the Export-Import Bank, as an instrument of the U.S. Government, implicitly carries the responsibility to assure that the significance

of the loans it granted would neither injure the national security nor militate against the national interest. This was at a time when it can be reasonably said that U.S. economic intelligence, though it existed, was not a highly developed form of intelligence. As the principal officer of the Bank, Mr. Casey was exposed to the essentiality of economic intelligence and to our adequacies and inadequacies in this field.

OSS EUROPEAN THEATRE INTELLIGENCE

Little is known of one of the major contributions William Casey made during the period when he played key roles in shaping and directing intelligence for the European Theatre through his OSS headquarters in London during World War II. One of the signal contributions he made to the preparations for D-Day and to the variety of actions designed to break the back of the Nazi war machine was the use of economic intelligence toward those ends. He assembled a small team of distinguished U.S. economists to do a definitive economic reconstruction of the German economy, with particular emphasis on which aspects of that economy would prove most significant if impeded or destroyed in the weakening of the German war machine. This work involved substantial controversy, not only with our British allies but with much of military leadership of the allied effort.

Casey's pioneering efforts prevailed in time for the necessary bombing and underground activities to take place. Within a remarkably short time after these actions were taken, the Casey-led concept was validated.

MURPHY COMMISSION

If Ambassador Robert Murphy were alive, he would speak eloquently of the contributions which William J. Casey made as a member of the Murphy Commission on the Conduct of U.S. Foreign Policy. Once again, within the councils of that Commission, Casey both drew upon his substantial knowledge of analytic intelligence, with particular emphasis on economic intelligence during a period when the inter-related economies of the modern world were exerting an ever-increasing role in our foreign policy.

It is relevant at this point to add that there is one pervasive misunderstanding of the U.S. intelligence activities in the European Theatre during World War II, to which Casey made so substantial a contribution. Those activities ran the entire gamut of clandestine activities conducted both by the allied armed forces as well as by the multitude of underground national groups throughout Europe. They included, by definition, the intelligence needed to select vital targets to identify the significance and location of the threatening new German weapons systems—the V-1 and the V-2 bombs—an understanding of the progress Germany was making in the perfection of nuclear weapons, and the use of bombing and internal sabotage designed not simply to assure the safety of allied forces during the Normandy landings, but to identify the most significant targets for all of those purposes.

As important as were the disabling actions involved, was the complex, tenacious and extremely effective intelligence which weighed the relative cost-benefit of the various means proposed to perform these indispensable tasks. Public and even military awareness necessarily focuses on dramatic events. Of greater significance, however, was the remorseless analytical process which preceded and helped identify those destructive actions which would have the largest significance. It is not an overstatement to say that modern analytical intelligence owes an enormous debt to the efforts which Casey led.

I must explain how I am aware of the details of these events, of the controversies which they involved, as well as of the significance of the various forms of intelligence which were pioneered during that interval. As a personal friend, I have had the opportunity to read an unpublished detailed memoir prepared by Bill Casey covering the entire work of the OSS in the European Theatre during World War II. I deeply regret that this memoir has not been published. I have urged that that be done. Indeed, I know of no work on intelligence which more illuminates the breadth of disciplines which are involved in effective intelligence and better demonstrates the importance of rigorous analysis in the performance of intelligence in peace or war.

UNDERSECRETARY OF STATE FOR ECONOMIC AFFAIRS

The very nature of this position involved Casey as Undersecretary in every aspect of information and intelligence essential to the economic aspects of the State Department's work. He was not only an active consumer of the output of the Office of Intelligence and Research in the Department, but an important contributor toward the further improvement of that work. Since I was a member of the President's Foreign Intelligence Advisory Board when he was Undersecretary, I had occasion to

turn to him periodically in the course of my own study of the adequacy of economic intelligence.

PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD

My largest opportunity to observe William J. Casey's view of intelligence, his extraordinary devotion to it, and his unequalled understanding of all that modern intelligence implies came as a result of the President's Foreign Intelligence Advisory Board. I had been a member of that Board since April 1973. My own background made it inevitable that I would pay particular attention to analytical intelligence and particularly economic intelligence. Several events, including the oil crisis in October 1973, persuaded that Board of the increasing importance of economic intelligence. In fact, that Board, more than a year prior to my becoming a member, had already alerted the President to the importance of improving this area of our intelligence.

In February 1976, President Ford enlarged the membership of the President's Foreign Intelligence Advisory Board. William J. Casey was one of the several new members added to the Board in the process. The full membership of that Board was as follows:

Leo Cherne, Chairman.
Gordon Gray.
Ambassador Robert Murphy.
Dr. John Foster.
John Connally.
Ambassador Clare Boothe Luce.
Edward Bennett Williams.
Leslie Arends.
General Lyman Lemnitzer.
Stephen Ailes.
William J. Casey.
Dr. Edward Teller.
Robert Galvin.
Admiral George Anderson.
Dr. Edwin Land.
Dr. William O. Baker.

In this distinguished and experienced company, William J. Casey was one of the several members who made an especial pronounced contribution. There is virtually no work of the Board in which he did not participate—but there were several to which he made a particular contribution. His entire background uniquely suited him to advance the Board's critical understanding of economic intelligence and to evaluate the work being done within the intelligence community in that field. Of particular significance were financial intelligence, petroleum intelligence, agricultural intelligence, trade of high technological capability.

The responsibility of the board to the President and those directly serving him, required us to evaluate intelligence products from the point of view of the top policy-making consumers. Casey's exceptional background led to his playing a substantial role in the improvement of the vital connection between the producer and consumer of intelligence.

For a number of years the Board had been less than wholly satisfied with the analytic process, and especially critical of some aspects of the preparation of the national estimates. This dissatisfaction had, for some time, led the Board to press for alternative means with some potential for improvement. Finally, the President accepted the Board's recommendation that an experiment be conducted using competitive analyses. Under the leadership of Robert Galvin, a subcommittee of the Board pursued this undertaking. Particular contributions to that undertaking were made by Dr. John Foster and William Casey and the Board's Executive Secretary, Lionel Olmer.

So much is misunderstood about that experiment that it is important to add that though the Board played the catalytic role of bringing the experiment about, the actual conduct of the work and the selection of several teams to pursue that experiment was entirely the responsibility of the CIA.

The final effort of the Board involved a large undertaking to identify the future needs for intelligence. A number of outside experts were invited to contribute to the Board's study. These included former DCI's, major consumers of intelligence, distinguished leaders from the military community, and others. Here again, Casey's background, experience and constant concern with the acuity of analysts played a substantial part in that undertaking.

Several other matters are not referred to in this public Statement, and some aspects of the foregoing have been necessarily abbreviated for reasons of security.

I conclude this Statement with the strong personal view that it would be difficult, if not impossible, to find a lifetime experience coupled with wisdom, courage and probity equal to that which William J. Casey will bring to the Office of Director of Central Intelligence when confirmed by the Senate.

The CHAIRMAN. Senator D'Amato, would you care to say something?

**STATEMENT OF SENATOR D'AMATO, U.S. SENATOR FROM THE
STATE OF NEW YORK**

Senator D'AMATO. Mr. Chairman, it is a privilege for me to join my distinguished colleague, the vice chairman of this committee, in introducing Mr. William J. Casey of New York, a friend of long standing. And as the record before you shows, and from the remarks that have been made by Senator Moynihan, Mr. Casey has served in a bewildering number of important positions, both in and out of Government, and the experience he has gained from this long and diverse career, involving many aspects of international relations will, I am confident, serve him well when he confronts the widespread and challenging responsibilities of the directorship of the Central Intelligence Agency.

Throughout his career Bill Casey has had a remarkable ability to understand quickly the most difficult and complex problems. He has pursued each goal with tenacity and skill. And a recent article of the Los Angeles Times said about Bill Casey, "An able fellow who does not suffer fools lightly. Always a man of great activity, he has left behind him a wake composed of perhaps 10 parts controversy and 90 parts admiration."

And so it is Bill Casey, a New Yorker's New Yorker. I am confident that he will bring to the Central Intelligence Agency the expertise and determination to make the agency the finest of its kind in the world. And how so desperately we need that kind of leadership. And the people of this Nation will be able to rest easier with their vital interests in the hands of Bill Casey.

I am delighted, Mr. Chairman, to have the opportunity to offer my wholehearted endorsement to this nomination and appreciate the opportunity to speak in behalf of an outstanding American, William Casey.

OPENING STATEMENT OF CHAIRMAN GOLDWATER

The CHAIRMAN. Thank you very much, Senator.

Before we hear from Mr. Casey, I will say that the financial disclosure statement has been received, and the Office of Government Ethics says that Mr. Casey is in complete compliance. [See p. 51.]

We have the FBI report, and it's been reviewed by myself and by Senator Moynihan.

A short statement of my own before we begin the hearing, Mr. Casey, to give you my views on how I approach intelligence. And any member of the committee who might like to add something is perfectly welcome, too.

The Senate Select Committee on Intelligence begins its hearings today to consider the nomination of William J. Casey to be Director of the Central Intelligence.

We know accurate and timely intelligence constitutes the Nation's first line of defense. Consequently, the responsibility of the

Director of Central Intelligence is one of maximum importance. Intelligence issues for the 1980's begins with leadership.

One of the most pressing issues facing the intelligence community is the need for strong, stable, and experienced leadership. The intelligence community has been in turmoil since the early 1970's as a result of frequent changes in leadership, studies by Senate committees, a series of investigations, and organizational restructuring.

The new DCI should be a broadly experienced professional who is familiar with the intelligence community's present strengths and weaknesses. There is a critical need for stability and a clear understanding of where the community needs to be in the future and how it's going to get there. And although not perfect, the organizational arrangements and management processes within the community are adequate.

CHANGES

Some minor changes probably are in order, but wholesale changes are neither warranted nor desired. Some areas that should be examined include the following:

The National Security Council's role in management of the intelligence community: The community includes highly complex organizations such as the National Security Agency and elements in the Department of Defense as well as the CIA, the Defense Intelligence Agency, the counterintelligence functions of the FBI, and intelligence functions of State, Treasury, and other departments and agencies.

What are the needs and resources of the community? The DCI's role in the community resource management: Should the DCI maintain his sole and exclusive authority over resource decisions? Should such decisionmaking be elevated to the National Security Council level? Should it be returned to an executive committee process?

The intelligence community staff: Should it be substantially reduced in size and scope?

I believe a long-range strategic planning process should be established and enjoy a high priority within the intelligence community. Over the past decade intelligence capabilities have been allowed to erode. And because of past successes, competing demands and resource constraints, we have been mortgaging the future of today's needs, and the future keeps getting pushed further away.

A number of areas need sustained attention and an infusion of resources. We need to reestablish a robustness in the intelligence system, particularly in technical collection capabilities. We must maintain a robust and flexible mix of capabilities to overcome the unexpected losses in a timely fashion.

We must also begin to lay the groundwork for decreasing our dependence on foreign territories for critical intelligence missions. We need to expand and improve the analytic capabilities within the intelligence community. In almost every instance in recent years, so-called intelligence failures have been the result of shortcomings in analysis. We must expand and strengthen the analytic corps and their support systems. We need to be able to attract good people and establish a long-term management commitment to improving analysis through career incentives, training, investment in

improving data bases, and ADP support, and critical but constructive product evaluation. Overall management of the production process also needs continued improvement.

MORE HUMAN RESOURCES

Human resource collection activities need to be expanded and strengthened in key areas around the world. We need much better coverage and reporting on long-term political, societal, and economic trends in these areas. We need to increase investment in new technologies that offer possible breakthroughs or major advancements in intelligence capability.

We cannot afford to continue to rely on past successes. We must press the state of the art to stay ahead of our adversaries. A number of new technologies are ripe for advancement, but because of bureaucratic politics or the lack of resources or money, they have not been pursued vigorously.

The intelligence community should be given special consideration when establishing governmentwide policies, not that they should be necessarily exempted, but certain policies can have serious impact on intelligence if not clearly thought through and closely monitored.

Two that come quickly to mind are manpower and space. The intelligence community has undergone a substantial manpower retrenchment, and some kind of hiring restriction continuously since the mid-1970's. During the same period, the overall level of Federal employment has grown substantially. The retrenchment, plus the hiring restrictions, has had serious impact on hiring as well as on retaining good people and the community's ability to do its job.

U.S. space policy has profound implications for intelligence capabilities. Any new developments for space launch and exploration should consider the impact it may have on military and intelligence missions.

LEGISLATION, WORKING RELATIONSHIP

Among other issues awaiting actions are: the Freedom of Information Act should be modified so that the FBI and CIA are granted some relief from its provisions. And I wish to emphasize that the public identification of CIA operators in the United States or abroad must be made illegal, and we must attach proper penalties to it. Legislation to accomplish this will be a priority for the 97th Congress.

Also, we need strong language proficiencies at all intelligence agencies overseas. The rash of trials of FBI personnel, congressional investigations, mood of Congress, and so forth, has inhibited intelligence operatives around the world from exploiting targets of opportunity. Such operations have required the approval of scores of people. This must be altered to regain the confidence of our allies and our agents. A number of operatives are spending an inordinate amount of time in developing defensive memos in anticipation of investigations or criticisms of their actions. This must be changed to emphasize initiative in action.

And finally, there must be a close working relationship between the committee and the Director of the Nation's intelligence system

if the important task of protecting the life and liberty of the American people is to succeed. Such trust between the legislative and executive branches provides assurance to the American people that the necessarily secret activities of national security are being conducted in the interest of our democratic society.

Those are my comments, Mr. Casey, on the way I view intelligence. And I might say that my interest in intelligence, while not as thorough as yours, goes back to the times when the OSS was an active organization.

If any of the members of the committee would care to comment on what the chairman has said?

Senator HUDDLESTON has an opening statement. Would you like to make it a part of the record, or would you like to state it?

Senator HUDDLESTON. It's very short, Mr. Chairman.

The CHAIRMAN. All right, go ahead.

OPENING STATEMENT OF SENATOR HUDDLESTON

Senator HUDDLESTON. I might say, Mr. Chairman, that my interest in intelligence goes back just about as far as yours. I was very interested in the activities of the OSS, too, having been a tank gunner in Europe in World War II, and very concerned about what we knew about the other side. And we're very pleased to learn of the activities of the designee during that very critical period in time.

But more recently, I have been a member of the Select Committee on Intelligence since it was formed, and prior to that, the Investigative Committee on Intelligence from its inception. I have developed a very healthy respect for our intelligence operations and, at the same time, I think, reasonable concern about the manner in which it operates. And I am thoroughly convinced that we need the very strongest, most efficient intelligence operation that we can possibly provide.

Since the Select Committee on Intelligence was established, the relationship between this committee and the Director of Central Intelligence has been excellent. In order to do the tasks assigned to it by the Senate, the committee has had full access to the product of the intelligence agencies and has relied on the DCI to keep the committee fully apprised of all significant intelligence activities.

DCI RESPONSIBILITIES

The next DCI will stand in a new position in his relations with this committee and its counterpart in the House. This past October the Intelligence Oversight Act of 1980 became law. Now what had been a working relationship has been codified in statute. Under the Oversight Act the intelligence community has responsibilities it must uphold in dealing with the two intelligence communities, just as the intelligence committees have responsibilities to the community.

The law now requires the DCI and other heads of intelligence agencies to keep the committees fully and currently informed and to respond to their requests for required information. The committees are to get prior notice of significant activities. But in special cases, notices can be given to only a small number of committee members. The committees are responsible for the protection of the

information they are given and, by inference, for making certain that the community gets the legislative and budgetary support it requires to do its job.

The bill had bipartisan support on both sides of the Hill. It was supported by the White House and all the affected agencies. Last week, General Haig told the Foreign Relations Committee:

I am aware that the Congress has established procedures for informing the Senate Intelligence Committee of all intelligence activities, including any significant anticipated intelligence activity. The Reagan administration intends to follow those procedures.

In sum, the Congress and the executive branch have entered into a partnership to insure that we have the best possible intelligence apparatus. I look forward to working with Mr. Casey, once his nomination is approved, to achieve this aim.

An effective intelligence service, however, requires recognition of the inviolability of sensitive intelligence sources and methods. If we cannot observe the secrecy of intelligence material, we jeopardize the safety of individuals, hundreds of millions of dollars in investment, and the national security itself.

Policy issues are being fought by selective disclosures to the media, and the leaks continue unabated even during the time of transition. I believe that during the past several months I have seen the intelligence activities and security information politicized far beyond any time during my term as a Senator. And I for one refuse to believe that so long as such issues as the verification of the SALT Treaty or the need for a new manned bomber are controversial, that these irresponsible leaks must continue.

This committee has done its best to stem the flow, and certainly most of those in the intelligence community and the executive branch with access to classified material are dedicated, patriotic citizens. They handle their responsibility admirably and respect the conditions under which they work. Yet, the leaks persist, and we have seen a very determined effort by some to influence policy decisions in this country or to reflect favorably or unfavorably upon various individuals through selective leaks of security information.

I hope that, during the course of these hearings, Mr. Chairman, that we can hear from Mr. Casey a determination that he will do whatever is in his power to stop these kinds of abuses.

Thank you, sir.

The CHAIRMAN. Thank you, Senator Huddleston.

I think Senator Chafee has a few words he would like to say.

OPENING STATEMENT OF SENATOR CHAFEE

Senator CHAFEE. Yes, Mr. Chairman. I have a statement which I would like to be made part of the record. First of all, I would just like to say how fortunate I believe the Nation is that Mr. Casey has responded to the call of the President-elect to serve in this very, very important position. As has been pointed out, Mr. Casey has had an extraordinary background. In looking at his biography in the book that was given us, it just very modestly says, from 1942 to 1945 he was in the U.S. Navy Reserve as chief of intelligence operations, OSS, European theater.

Now, that says an awful lot when you're chief of the intelligence operations for the OSS in the European theater at the age of 30. It shows the extraordinary ability that Mr. Casey has. And he is a person who, in every job he has undertaken, has excelled at it.

As Mr. Casey moves into his new position, I look forward to the close cooperation between this committee and Mr. Casey, and I certainly hope that he will give his active support to a couple of pieces of legislation, which you mentioned, Mr. Chairman, which I have been deeply interested in; namely, legislation to protect the identities of our clandestine intelligence officers from unauthorized disclosure.

Last year, the identities protection bill was reported from this committee by a vote of 13 to 1. Unfortunately we did not have a floor vote on it in the fall. But I am hopeful that again we can report it out from this committee and have a vote on it successfully on the floor. And we count on the active support of Mr. Casey in those efforts.

Also, as you mentioned in your opening statement, Mr. Chairman, I believe it's appropriate to consider and to pass legislation dealing with some limitations on the Freedom of Information Act as it applies to the clandestine service, to the CIA. And, again, we look forward to the support of Mr. Casey in these efforts.

So, Mr. Chairman, I think the future of this Agency is in excellent hands, and I believe that we will have a very close and successful working relationship with Mr. Casey.

Thank you.

[Prepared statement of Senator Chafee follows:]

PREPARED STATEMENT OF SENATOR JOHN H. CHAFEE

Mr. Chairman, I would like to add my welcome to Mr. Casey to our hearing this morning. Mr. Casey, let me say how happy I am that you are here with us and let me also take this opportunity to welcome you back to the ongoing process of strengthening American intelligence, an effort which for you began long ago and to which you have contributed significantly in many ways during the course of your distinguished career. I look forward to working with you in your new duties as you continue these efforts to strengthen this vital first line of our national defense. I believe there is much to be done for our intelligence services: increasing support for collection; improving the quality of analysis so that the President and other policy makers receive accurate, unvarnished and timely analysis, renewed emphasis on national strategic counterintelligence, and most importantly, restoring the morale and esprit of our intelligence community. I know that the Members of this Committee look forward to working closely with you on these problems.

There are as well, of course, a number of critical legislative proposals which we will be considering in this session of the Congress. Most important will be legislation to protect the identities of our clandestine intelligence officers from unauthorized disclosure. In the last session this Committee reported out an effective identities bill by a vote of 13-1. I feel certain that we will be able to bring this bill to the floor and see it passed in the near future.

Also I believe we will move quickly to consider appropriate legislation to reduce the threat to national security which is posed by applying the Freedom of Information Act to our clandestine service. And we of course stand ready to respond to your legislative agenda, particularly in the area of the Foreign Intelligence Surveillance Act.

Finally, Mr. Chairman, I wish to assure Mr. Casey that we will do everything possible to remove, in the words of the Republican platform "those ill-considered restrictions . . . which have debilitated U.S. intelligence capabilities while easing the intelligence collection and subversion efforts of our adversaries."

Mr. Casey, I very much look forward to your testimony, your confirmation, and our mutual efforts to rebuild and improve our intelligence capabilities.

The CHAIRMAN. Are there any Senators on the Democrat side who wish to say anything?

Senator Moynihan has a statement I think we will wait for. Senator Wallop?

STATEMENT OF SENATOR WALLOP

Senator WALLOP. Thank you, Mr. Chairman. Mine is very short.

Mr. Casey, it is a pleasure and a privilege for me to see you here, and I echo the words that Senator Chafee and others have spoken of you.

You may recall when first we met I spoke at your request at a meeting of your fellow veterans of the OSS, and you may also recall at that time that I painted a rather bleak picture of the current state of American intelligence. American intelligence is a house built on the foundations which you and your fellow veterans of OSS helped establish in this country. You may recall also that I urged the audience to begin to take an active interest and role in intelligence affairs so that the house whose foundations they laid might be rebuilt. I am glad to see at least one person in that audience heeded the request. I am happy to see you here.

It is customary at moments like this to predict that the nominee will enjoy great success. If anybody can bring great success, I am sure that you can. You bring enormous skills and great integrity to this job. But I do not make any prediction as to the likelihood of success.

Instead, I wish you luck and offer you support, mine and I am certain that of the committee's, because I think you will need as much as you can get of both. You will need both because you are taking over an Agency which, in many respects now, is unequal to its tasks, whose task is growing in size and importance every year, and too many of whose top people seem more inclined to bureaucratic infighting than to quality work. And so I think, even with great insight and determination and support, you're going off to try a very difficult task against long odds.

CIA, DANGER TO NATIONAL SECURITY

One of my colleagues on this committee has called the CIA a danger to national security. And indeed, few things have contributed so to the danger that this country now finds itself as the CIA's faulty national estimates over the last decade and decade and a half. When the Soviets were beginning the greatest strategic build-up of all time, the CIA said the Soviets were unlikely to try to match us in numbers of missiles. When the Soviets approached our numbers, the CIA said they were unlikely to exceed it substantially. When they exceeded it substantially, the CIA said that the Soviets would not try for the capability to try to fight and win a war against us. And now that the Soviets have nearly achieved such a capability, the CIA's estimates tell us the Soviets cannot be sure it will work.

I could go on and on with such examples. But my point is simple: Something is deeply and dangerously wrong. Some things the Congress did do to bring about this state of affairs, and some things the Congress can do to relieve it. But Congress was not the prime mover of the decline. Congress did not cause the CIA to be so bad

at analyzing intelligence. And, by the same token, the Congress did not cut the CIA's counterintelligence service to a shadow of its former self. And Congress did not indeed bring clandestine collection or covert action to its current sad state of capability. These developments originated in CIA. If they are to be reversed, they will have to be reversed above all in CIA.

My point is, Mr. Casey, that you will be facing powerful trends, long since in place within the intelligence bureaucracy. These trends have brought about a sort of revolution on American intelligence. In my opinion, unless they are reversed, that revolution will prevail. For the sake of the country, I hope it does not. For the sake of the country, I hope things will change in American intelligence. And for the sake of the country, I am very grateful that you are about to take over that Agency.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

As an aside, I just couldn't help commenting on Senator Huddleston's remarks about leaks. We are very proud on this committee that we haven't had them from the committee. But there are certain areas of the press that have leaked rather profusely. But I have to say that President-elect Reagan has discovered the proper way to handle that. He has made the chief leaker a part of his administration. That's one way to handle that.

Mr. Casey, I am going to put in the record at this point a very brief outline of your background from the time of your birth in New York City. You may proceed now.

[The biography of William Joseph Casey follows:]

WILLIAM JOSEPH CASEY

March 13, 1913.—Born in New York City.
 1934.—B.S. Fordham University.
 1937.—LL.B. St. John's Law School.
 1938-49.—Chairman of Board of Editors, Research Institute of America.
 1942-45.—U.S. Naval Reserve, LT Chief, Secretariat, and Chief of Intelligence Operations, OSS, European Theater.
 1947-48.—Special Counsel, Senate Small Business Committee.
 1948-62.—Instructor in tax law at NYU.
 1953-70.—Chairman of Board of Editors, Institute for Business Planning.
 1950-71.—Law partner, Hall, Casey, Dickler and Howley, NYC, and predecessor firm.
 1966.—Republican congressional candidate from Third District of New York; lost in primary to Steven Derounian.
 1969-70.—Member, President's Task Force on International Development.
 July 1969-April 1971.—Member, General Advisory Committee, Arms Control & Disarmament Agency (ACDA).
 1970-71.—President, International Rescue Committee.
 April 1971-February 1973.—Chairman, SEC.
 February 1973-March 1974.—Under Secretary of State for Economic Affairs.
 March 1974-January 1976.—President and Chairman, Export-Import Bank.
 March 1974-January 1976.—Member, Commission on the Organization of the Government for the Conduct of Foreign Policy (Murphy Commission).
 March 1976-May 1977.—Member, President's Foreign Intelligence Advisory Board (PFIAB).
 1976-80.—Member of board of directors: Gamble-Skogmo, Litco Corporation, the Trib, et cetera.; Member, advisory board to American Stock Exchange; Counsel to law firm of Rogers & Wells; Member, International Rescue Committee.
 March 1980-November 1980.—Campaign Manager, Reagan Presidential campaign.

Affiliations.

Veterans of the OSS, Association of Former Intelligence Officers.

Publications.

Tax Sheltered Investments; Lawyers Desk Book; Forms of Business Agreements; Accounting Desk Book; Tax Planning on Excess Profits; How to Raise Money to Make Money; How Federal Tax Angles Multiply Real Estate Profits, and others.

STATEMENT OF WILLIAM J. CASEY

Mr. CASEY. Thank you, Mr. Chairman.

Mr. Chairman and distinguished members of this committee, it is an honor for me to be here today to meet with you and to discuss my qualifications for the post for which President-elect Reagan has nominated me.

I want to say at the outset that I believe it to be vital that this Nation have a strong and effective intelligence organization with a wide range of capabilities and with the flexibility to adapt and focus them on whatever exterior threats or problems confront the President, the National Security Council, Congress, the executive branch, all of us.

I would like to assure the Senators who have spoken and expressed their views about the serious problems that confront the intelligence community in times of rebuilding, performance, security, that I am determined to correct these problems, improve performance. And I believe that, with the support of this committee and the support of the intelligence community, we shall be able to do that.

At the outset, I would also like to say that it may be helpful to outline the experience which has formed my views on intelligence.

In World War II, I was a naval officer. I had intelligence assignments, first in Washington as an aide to Gen. William J. Donovan, then a director of the Office of Strategic Services, and subsequently in London as an aide to Col. David K. E. Bruce, the commanding officer of that organization in the European theater of war with General Eisenhower commanding.

WORLD WAR II ACTIVITIES

Our activities there consisted primarily of working with British and French intelligence and supporting French resistance forces to develop support for the Allied armies as they invaded and liberated France. When it became clear in the fall of 1944 that the war would not be won in France but that there would be hard fighting in Germany, I became engaged in shifting what had been a French-oriented organization to one that could function effectively in Germany.

When we were surprised by the Hitler counteroffensive in the Ardennes, in what became known as the Battle of the Bulge, I was appointed chief of secret intelligence for OSS in the European theater. In this capacity, I was charged with sending observers to railroad and military centers in Germany to report on the movement of German forces, on targets suitable to air attack, and similar military information.

I would like to say that from that experience it was clear that intelligence and counterintelligence capabilities that were brought to bear against the enemy were worth many German divisions, that they saved many lives and much time and much treasure, much blood.

It is also clear that America entered that conflict without any significant intelligence capability, that it was able to perform—we were able to perform—in the intelligence and counterintelligence contributions to the conduct of the war in Europe were based primarily on the long tradition, experience, the personnel that it created, and on the British system, which was our tutor and our mentor.

I say that because today it is clear that the American intelligence system occupies that role. It is a repository of many of the capabilities which do not exist elsewhere. And that emphasizes in my mind the absolute imperative nature of maintaining that capability as the best intelligence system in the world, building on it, and constantly improving it.

Now, for a few years immediately after World War II, I worked with General Donovan, with General Quinn who is here today, other colleagues in wartime intelligence in urging that our Nation needed a permanent central intelligence. And in studying how such an organization should be organized and function.

CIVILIAN ACTIVITIES

Since that time I have spent my private working life as a practicing lawyer, as an author, editor, and entrepreneur. All of these activities involving somewhat the same kind of gathering, evaluation, and interpretation of information which good intelligence work requires. I maintain an interest in foreign policy and national defense. As a founding director of the National Strategy Information Center, I worked on the establishment of chairs and professorships in national security on some 200 campuses throughout the United States.

During 1969 President Nixon appointed me to the General Committee on Arms Control, on which I served during the preparation and negotiations for SALT I. This experience impressed upon me the vital significance of good intelligence in establishing adequate defense in negotiating arms control arrangements and in verifying that those arrangements are being observed.

I became a consumer of intelligence in another capacity as Under Secretary of State in 1973 and 1974. And as a member of the Commission of the Organization of the Government for the Conduct of Foreign Policy, known as the Murphy Commission after its chairman, Robert Murphy, a distinguished diplomat of long standing, I took a special interest in the organization of the intelligence community and improving the relevance and quality of analysis and developing a more effective relationship between producers and consumers of intelligence.

In 1976 President Ford appointed me a member of the President's Foreign Intelligence Advisory Board. There my special interests were a greater concentration in improving economic intelligence and the experiment in competitive analysis of Soviet strategic intentions, the potential capabilities of Soviet air defense, and the accuracy of Soviet missiles, all of which I believe demonstrated the value of some form of competitive analysis.

Now, there is no need for me to describe to this committee the varied and complex challenges that confront our Nation, the complexity of the political, military, and economic forces with which

we must deal, or the importance of good intelligence to the formulation and execution of effective policies.

GOALS AS CIA DIRECTOR

And if I am confirmed for the position for which I have been nominated, it will be my purpose to provide for our policymakers in the Congress as well as the executive branch timely and accurate information, analysis, and estimates on which they can rely in establishing the defensive strength we need in seeking arms limitations and developing and maintaining satisfactory relations with other nations and in competing in an increasingly interdependent and competitive global economy.

Our foreign policies and defense strategies will never be better for long, than our intelligence capabilities. In an era of increasing military vulnerability, effective intelligence is of far greater importance than it may have been some years ago when we had clear military superiority. Anticipating potential problems and threats, understanding the reasons behind events, and foreseeing all the potential opportunities, both diplomatic and military, will be critical to successful international relations over the next decade. We are in a period, I believe, where investments in intelligence capabilities will yield major returns.

Generally, there was a poor public perception and understanding of the value of the American intelligence community to the security of the free world. The CIA, in particular, suffers institutional self-doubt. Many of its most competent officers have retired or are about to retire. The morale of much of the agency is said to be low. Too often, the agency has been publicly discussed as an institution which must be tightly restrained, stringently monitored, or totally reorganized. Little has been done in recent years to stress publicly the critical role which the intelligence community has to play in the formulation and execution of our Nation's foreign policies and defense strategies.

Too many have worked to reduce the feeling of self-worth of intelligence officers. Too few have worked to motivate the best minds in the country to see the intelligence profession as one which is desperately needed for our national security.

Now, while members of the community realize they cannot receive public recognition for particular tasks well done, they rightfully expect the support of the government which they serve. All too often, their failures are widely publicized, but their successes, by their very nature, are generally hidden.

We need to make it clear that while we work to improve the intelligence community, it has our full trust and confidence, that the intelligence profession is one of the most honorable professions to which Americans can aspire, and that we have an appreciation for the dedication and professionalism of its members. We should call our young Americans to serve their country in intelligence work. We should ask American scholars to serve their country by sharing their scholarship and insights with those in the community who are responsible for preparing the analyses used to develop foreign policy and defense strategy.

In the months ahead, this Nation will continue to confront major international crises. This is not the time for another bureaucratic

shakeup of the CIA. Instead, it is a time to make American intelligence work better to become more effective and more competent, and to make the members of this establishment respect it and honor it.

INTELLIGENCE FAILURES

In almost every instance in recent years, so-called intelligence failures have been the result of shortcomings in intelligence analysis and sometimes in policy conclusions. The necessary relevant information, the facts, were generally available. But frequently, either good analysis or sound conclusions did not follow.

To be truly beneficial to consumers, the data collected must be subjected to critical and insightful analysis, conducted by trained, competent professionals with a rich background in the subjects required. The issues with which we have to deal require the best analytical capabilities applied to unclassified as well as classified sources.

The attractiveness of intelligence analysis as a profession, part time as well as full time, needs to be increased. We need to tap the insights of the Nation's scholars in the effort to upgrade the quality of intelligence analysis.

We must search for new and better ways to get continuing input from the outside world in order to gather information available inside and outside of Government and to get the best analysis of the full range of views and data available. A revival of the President's Foreign Intelligence Advisory Board can contribute substantially to this.

And there are many other possibilities. When I was Chairman of the SEC, I created a large number of task forces made up of members of the SEC staff and people experienced in various phases of the investment industry, assigned to report on regulatory needs for new forms of investment and trading.

By minimizing paper and regulatory burdens, on making investment analysis more widely available to public investors, and similar subjects, we were able to gather insight and perspective which was just not available in Washington. And I believe that the same opportunities exist in the academic community and in the business community to make American governmental intelligence function more effectively and come to more reliable and realistic conclusions.

It's not enough, however, to have good information and accurate assessments. The findings and the views of the intelligence community must be forcefully and objectively presented to the President and the National Security Council. I assure you that I will present these views without subjective bias and in a manner which reflects strongly held differences within the intelligence community. It will be my purpose to develop estimates which reflect a range of likely developments for which policymakers must prepare in a manner which emphasizes hard reality undistorted by preconceptions or by wishful thinking.

As we look back at the recent past, we should remember how early intelligence reports on Soviet missiles in Cuba in 1962, on Soviet divisions preparing to enter Czechoslovakia in 1968, on Arab preparations to attack Israel in 1973, were obscured by judgments

that it would not be sensible for these weapons and divisions to have other than defensive or training purposes.

Alternative possibilities and their implications must be fully set forth in our assessments so they can be reflected in our preparation and in our policies. To carry out this assignment, the intelligence community needs both public support and the full participation and cooperation of the Congress.

I am pleased that after a period of turmoil, the executive and legislative branches have now institutionalized their arrangements in the Intelligence Authorization Act of 1981, as Senator Huddleston has described. And I pledge to conduct the relations of the intelligence community with the Congress in a consultative mode. I pledge care and diligence to protect the legal rights of American citizens.

PLEDGE

I pledge to work closely with Congress on this as well as in monitoring and improving the performance of the community, particularly for the intelligence committee study of U.S. intelligence products, procedures, and budgets, Congress will provide a valued independent source of review to ensure we are achieving all that is humanly possible and that Congress will be in a position to provide any necessary legislation or other action to improve our performance.

I will cooperate fully in facilitating the oversight through which Congress can insure that the community operates within the limits of the law. This will provide the American people with additional assurance that U.S. intelligence will fully respect their civil liberties and further strengthen public confidence in the performance of the intelligence community.

We—the Congress, and the agency, the community—have a common purpose in assuring ourselves of a comprehensive intelligence system of unqualified preeminence, operating efficiently and within the requirements of our laws.

I expect to conclude, as I review the organization, the structure, and the performance of the community, that there are some steps which should be taken to improve our intelligence performance. If confirmed, I will promptly and in consultation with the members of the intelligence community and the Congress, review without preconception, the system, our intelligence system as it has developed, as it now exists, and determine how I believe it is working and how that performance can be improved.

Many Senators and Congressmen have put forward a number of suggestions to protect the identities of U.S. intelligence officers and provide relief from some aspects of the Freedom of Information Act. I, too, share the concerns that led to these actions, and I hope that the Congress will complete the important work initiated in the last session.

I will examine how we are utilizing the resources that we have to produce intelligence: Are we attracting enough of the best people and providing them with the best possible training; and are we providing adequate incentives so that we can keep the most competent of those we have?

I know you and your counterpart committee in the House, and academic experts outside of Congress, have been studying these

matters. As I complete and as I carry on and complete my evaluation, I would plan to review my findings with you as soon as possible to determine how we can build on our strengths and to reduce areas of weakness.

That, Mr. Chairman, is my statement. I welcome any questions that you and other members of the committee may have.

The CHAIRMAN. Before we start questioning you, it is necessary for me to swear you in. Would you rise, please, and hold up your right hand?

Do you swear that the answers you will give to the questions asked will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. CASEY. I do.

The CHAIRMAN. Thank you very much.

STATEMENT OF SENATOR BIDEN

Senator BIDEN. Mr. Chairman, before we begin questioning, I apologize for being late. I was questioning General Haig.

May I ask unanimous consent that the opening statement I had be inserted in the record as if read, and explain to the chairman that I will be in and out because we're still questioning General Haig. But thank you for the indulgence.

The CHAIRMAN. I'll see you there this afternoon.

Senator BIDEN. You're going to testify. I'll certainly be there, Mr. Chairman, when you testify and promise to ask no hard questions. [The prepared statement of Senator Joseph R. Biden follows:]

PREPARED STATEMENT OF SENATOR BIDEN

Mr. Casey, I would like to add my congratulations on your nomination for the Directorship of Central Intelligence. My statement will be brief because, after all, the point is to hear from you today. But I would like to specify two items that I feel are vitally important to the Senate's consideration of your nomination and ask that you keep these two in mind as you phrase your observations and responses today.

As you might guess, and as we discussed in our meeting last week, the first item is that of Congressional oversight of United States' intelligence activities. Congressional oversight greatly expanded under a Republican Administration—President Ford's. The relationship between the Congressional intelligence committees and the intelligence agencies is young and still fragile. It has been clearly beneficial in both improving the agencies and in protecting the civil liberties of American citizens. The agencies now know that they must face scrutiny by representatives of the American people. As these representatives, in turn, are held to increasingly strict accountability by the electorate for expenditures of tax dollars, they are more inclined to examine the agencies with a sharp eye for cost effectiveness and competence. This feature of Congressional oversight seems only to enhance the motivation of the intelligence community to produce timely and useful information.

Equally important, however, is the incentive that Congressional oversight provides for the intelligence agencies to adhere strictly to the law and the Constitution in respect to the civil liberties and privacy of Americans. The self-contradiction of those who in the name of protecting American ideals would scorn and secretly assault some of the most important of those ideals—I refer to civil liberties protected by the Constitution—is both obvious and worrisome. Such contradictory thinking encourages only the replication of qualities of totalitarian societies. It portends diminishment of those basic libertarian ideals of American life which distinguish this country and which the true conservative wishes to uphold.

The Congressional oversight provision enacted into law last year requires that the intelligence committees be kept fully and currently informed of all intelligence activities and that they be furnished any information or material concerning those activities. I support a strict interpretation of the Congressional oversight authorities that the law now grants. I would not support a nominee for Director of Central Intelligence who did not recognize the role Congress must play in intelligence

activities or who has given reason to believe that he would willfully withhold information or documents from the authorized Congressional oversight committees.

My second item of concern is the imperative that intelligence activities must be conducted in a nonpartisan way. The issue areas over which intelligence ranges—from strategic arms monitoring to international commerce—are too important to receive less than objective coverage, free from partisan political distortions. The price eventually paid by the United States for twenty-five years of non-objective coverage of Iran is richly documented.

Although inevitably foreign policy is shaped with an eye to political realities, it is essential that the information on which both Congress and the Administration base policies be objective. If it is not, if this information is politicized, then again we will replicate a feature of totalitarian societies, the potentially sinister manipulation of information to deceive the public and undermine public trust.

An example of the need for objective intelligence regards the Soviet Union. Soviet aggression is real. The Soviet arms buildup is troublesome. But to respond appropriately, we need accurate intelligence which portrays Soviet weaknesses as accurately as Soviet strengths. The Soviet economic base is disastrous. The social welfare of Soviet citizens is grim. Degrees of disillusionment with Soviet aid policies and racism range from Egypt and Somalia's to Iraq and Angola's. Intelligence reports must understand the weaknesses as well as the strengths of potential adversaries and not exaggerate either. Paranoid delusions provide no better basis for foreign policy than complacent shortsightedness.

Mr. Casey, if you can keep these two issues of authorized Congressional oversight and of the need for nonpartisan intelligence activities toward the foreground of your remarks today, I will be better able to assess your nomination.

The CHAIRMAN. I think before we start questioning I would like to ask Senator Moynihan either to read an entire paper he has or any parts of it he cares to, and the entire paper will be made a part of the record.

STATEMENT OF SENATOR MOYNIHAN

Senator MOYNIHAN. Thank you, Mr. Chairman. If I can just preface that exercise by saying to Mr. Casey that I think that was a superb opening statement and that your pledge of care and diligence in protecting the legal rights of American citizens is what we hoped to hear from you; your pledge to cooperate fully in facilitating the oversight through which Congress can assure that the intelligence community operates within the limits of the law is what we wished to hear from you; and your statement that you are concerned with the quality of the performance of the intelligence community is what we hope you will do.

I would like to extend, if I can, just a moment the statement of Senator Huddleston about the concern on this committee, which has, to my knowledge, not previously been made public in that way, as to the degree to which genuine security information was leaked out of the executive branch—our own experience is of the last administration, so it doesn't mean it's unique to that one; it's the only one we know—as part of a policy competition. That seemed to us very destructive.

ANNUAL INTELLIGENCE ESTIMATES

To try to raise a level of recognition, last May 15, as you would agree, sir, the most important product—or would you agree—the most important product of the intelligence community are the annual estimates which are presented to the President, and you spoke about them, the national intelligence estimates, the NIE, and I see you do agree. They are the most sensitive materials the community produces, the most important.

Last May 15 I put the intelligence estimates into the Congressional Record, not in their original form, and I have never seen them in their original form, but as they had been presented to various newspapers by the White House. And one newspaper had a slightly different version than another, and finally Mr. Burt felt he had to straighten it all out and say this is what the national intelligence estimate said. Mr. Burt is reportedly to become a member of the administration, and that's how he did it.

That troubled us a great deal. It did trouble us. I hope it troubles you. And I just ended my statement by saying on the floor that Congress is attending to its purposes in seeking oversight of a responsible and effective intelligence community. So long as that effectiveness is undone by the very officials who are to be served by the community, that effort of the Congress cannot succeed.

And I would hope you would let it be known that this committee thinks a lot of people were less than responsible in their behavior, and that no matter how well you do your work, if you're to be undone by the people you do it for, it's a futile exercise.

But that is beside the purpose, and the chairman has been kind enough to let me ask this question. As you know, Mr. Casey, we adopted last year in the Intelligence Authorization Act for the fiscal year 1981, we codified the oversight responsibilities of this committee and the reporting responsibilities of the intelligence community.

You remarked that our system begins as modeled on the British intelligence operation, Second World War, the only one that we had access to when we had none. But how very differently we have evolved.

The 1981 intelligence oversight law is unique in the world. There is no nation in the world where there is such a relationship between the intelligence community and the legislature. In Great Britain there would not be three members or four members of the Parliament who would even know your name, and you would certainly not be appearing before television cameras.

But, now, we have dealt with this in a different way, enacting as law the responsibility of the executive branch, the responsibility that falls on you, to keep this select committee fully and currently informed of all intelligence activities which are the responsibility of, or engaged in by, or carried out for or on behalf of any department, agency, or entity of the United States, including any significant anticipated intelligence activity.

We allow that latter category to be restricted to the ranking members, the chairman and vice chairman of this committee, and the majority and minority leader, but that's a very explicit requirement.

GRAY AREA

Now, there is, however, a gray area. In the preamble we say that this must be done consistent with the President's duties under the Constitution and consistent with his responsibility with due regard for the protection of unauthorized disclosure of classified information and information relating to intelligence sources and methods.

So since we say it must be done consistent with, we concede the point that there may be occasions when it's inconsistent. But when such judgments should arise, we have another section of the law

which says when information is withheld under that preambular provision, there must come a point in timely fashion when the President does inform us of what took place, and therefore there is no exception to our being informed.

Now, I'd like to ask your judgment, sir, about your intention, your pledge which you gave us to comply with this law, and ask you about your pledge in the context of that measure of ambiguity—we couldn't get it out—as between the President's constitutional responsibilities and our right to enact laws. Because as you know, there has been an occasion in a long and distinguished career in which it has been charged that you have not been forthcoming to the Congress with materials requested by the Congress, and have been, in one way or another, asserting not executive branch privilege so much as the privilege of an independent agency to withhold active investigative files. And this took place when you were Chairman of the Securities and Exchange Commission.

Now, as you expect us to have done, we looked into this matter prior to this hearing, and I took the liberty of getting in touch with Mr. Stanley Sporkin, who is the Director of Enforcement of the SEC, who has been there a very long while and is, I think, a distinguished public servant by anyone's standards, to do what cannot have been the easiest thing for him to be asked, to judge your performance as Chairman of the Commission with respect to two specific matters, that of withholding from a House committee, materials concerning the ITT Corp., and passing those materials instead to the Department of Justice. And then with respect to the investigation of Mr. Vesco and the fraudulent activities in which he was involved for Investors Overseas Services, IOS, if I recall.

Now, Mr. Chairman, I have a letter here from Mr. Sporkin which I ask be included in the record. It's a very extensive one. It is five pages, single typed. But I want it to be stated that with respect to the enforcement actions involving the International Telephone & Telegraph and Mr. Robert Vesco, it indicates in the most emphatic terms that your behavior was, in the judgment of Mr. Sporkin, above reproach.

[Letter of Stanley Sporkin follows:]

JANUARY 9, 1981.

Hon. DANIEL P. MOYNIHAN,
Vice Chairman, Select Committee on Intelligence,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR: This is in response to a request made by a member of the staff of the Committee for information concerning the handling of certain aspects of the Commission's investigations and subsequent enforcement actions involving International Telephone & Telegraph Corporation ("ITT") and Robert Vesco during the tenure of William J. Casey as Chairman of the Commission.

The information requested with respect to the ITT matter revolves around the circumstances surrounding a Congressional inquiry and the Commission's referral of its investigative files to the Department of Justice. The files contained certain important documents submitted to the Commission in connection with a Commission staff inquiry. At the time ITT made the documents available to the Commission, I was aware of Congressional interest in them and requested from ITT's counsel that whatever documents were furnished to the Commission would also be tendered to the Congress. A tender of these documents was made to, but not accepted by, the Senate Judiciary Committee then considering the nomination of Richard Kleindienst, to be Attorney General of the United States.

It was my judgment as the supervisor of the Commission's ITT investigation that the documents should be considered by the Department of Justice in conjunction with an inquiry then underway by it. Indeed, some time before the Commission

formally referred its files to the Department of Justice, I had a discussion with a senior official of the Department of Justice. He did not express an immediate interest in the matter. I should point out that the Commission has explicit statutory authority to refer matters to the Department of Justice for criminal prosecution and it does not have to wait for a specific request from the Department of Justice.

Another question raised with respect to the ITT matter regards a Congressional inquiry with respect to active Commission investigations. Such inquiries generally have had an adverse impact on our enforcement program as well as the rights of innocent individuals. Enforcement agencies need the ability to fully complete and assess the results of an investigation before determining an appropriate course of action. Premature access to, and exposure of, raw investigative data can often adversely impact an investigation. Generally, we have requested congressional committees to delay their inquiry until the Commission's investigation has been completed. These requests are normally honored by the Congress and indeed there have been few instances where a committee of the Congress has insisted on obtaining access to the Commission's investigative data prior to the completion of the Commission's interest in the matter. A request made by the Special Subcommittee on Investigations of the Committee on Interstate and Foreign Commerce, House of Representatives, for access to the Commission's investigative files was considered and denied by the Commission. An inquiry into the Commission's handling of the ITT matter was conducted by that Committee. I am enclosing a copy of my testimony before that Committee.

The information requested with respect to the Vesco matter relates generally to two areas. One area deals with communications between Mr. Casey and Harry Sears, a counsel for Vesco. There is little information that I can provide to you on the basis of personal knowledge with respect to Mr. Sears other than to inform you that Mr. Sears did appear before the staff of the Commission as counsel for Mr. Vesco, along with other counsel. Moreover, at the Commission staff's request, he specifically became counsel of record for Mr. Vesco.

The second area pertains to a request to postpone the testimony of certain witnesses in the Vesco investigation. This request apparently originated with a White House staff member. The request for a postponement was relayed by Mr. Casey to me since I was the Commission's staff member in charge of the investigation. At the outset I should make it clear that the request for a postponement was not granted and the testimony took place as scheduled.

After a full discussion of the request, I advised Mr. Casey that the scheduled testimony of the two witnesses could not be postponed and that it would be inappropriate to accede to the request in any way. Mr. Casey's determination not to overrule my decision demonstrated the confidence that he had in his trusted subordinates as well as his own sound judgment in regard to the requested action.

It is unfortunate that the various press accounts in the past of Mr. Casey's role in the Vesco case seem to emphasize the two areas I have just discussed. There has not been a comprehensive statement of the very positive and important role that Mr. Casey played in the Vesco case, which was a major Commission investigation. Mr. Casey's role in the case, which I discuss below, demonstrates that his actions were in accord with the Commission's best traditions; namely, to discharge its obligations to protect public investors.

Once Mr. Casey learned that the Vesco matter involved serious violations of the federal securities laws, he directly involved himself in aggressively pursuing the investigation. In his typical impatient style, he constantly urged me to devote my entire efforts to the case and he pressed the staff to complete the investigation and to proceed with the appropriate enforcement action as soon as possible.

Realizing the massive nature of the case and its implications throughout the world financial communities, Mr. Casey had the foresight to seek the cooperation of other affected governments. As the investigation was being completed, he was instrumental in urging that the Department of State make the necessary arrangements to have the Commission's staff meet with officials of other governments in order to explore the serious international ramifications of the case and to obtain their assistance in protecting what remained of investor assets.

Through these efforts, shortly after the civil injunctive action was instituted in the United States District Court for the Southern District of New York, the Commission was able to arrange for the freezing of over 100 million dollars of investor assets located in Canada. In a virtually unprecedented action, on the day the case was instituted, senior officials of the Commission were dispatched to Great Britain, Luxembourg, Switzerland, and Canada to enlist the aid of these foreign governments. Mr. Casey even directed that one of his top legal assistants accompany the staff on one of these sensitive missions.

It was through these and other similar efforts participated in by Mr. Casey, that the Commission was able to establish a committee of officials from various interested foreign governments to oversee the recoupment of investor funds. To date, over 400 million dollars have been recaptured for investors throughout the world. This action is one of the most impressive and important enforcement cases in which the SEC has ever been involved.

Mr. Casey's involvement and support in this matter continued after the action was brought. In November 1972, the Commission received a temporary setback when its motion for preliminary injunctive relief was denied by the District Court in New York. When Mr. Casey learned of the adverse decision, he immediately called me in London, England at 2 a.m. to report what had transpired and to discuss the nature of the Commission's response.

I advised Mr. Casey that, in my opinion, the matter was so important that he should fly to New York and personally represent the Commission in the U.S. District Court and to urge the court to conduct a rehearing and to grant the Commission's request for immediate relief. Mr. Casey informed me that he had already tentatively arranged for Commissioner Loomis, the former General Counsel of the Commission, to personally represent the Commission at the rehearing motion. Mr. Casey agreed with the urgent need to bring to the attention of the Court the important and serious nature of the case by having the Commission represented by a senior Commission official. However, Mr. Casey believed that Commissioner Loomis, because of his many years of experience as General Counsel of the Commission and his excellent litigation background, would be a better courtroom advocate for the Commission. I completely concurred in his perceptive analysis and strategic assessment concerning the presentation of the Commission's case before the Court. Ultimately, Mr. Casey's direction was fully implemented, Commissioner Loomis presented the argument and the Commission's rehearing effort succeeded.

I relate these events to illustrate two significant aspects of Mr. Casey's involvement in this important matter. First, it demonstrates perceptive and thoughtful analysis by Mr. Casey, who having been with the Commission less than two years at the time, was able to make such an imaginative and wise decision. Second, the extreme interest and aggressive determination of Mr. Casey enabled the Commission to bring the case to a successful and speedy conclusion. The actions of Mr. Casey that I have described were unprecedented by any other Commission Chairman. Further, his entire conduct is simply inconsistent with any suggestion that Mr. Casey intended in any way to befriend or assist Robert Vesco.

One further point. As I reflect upon the Casey years at the Commission, I can truly say they were some of the finest moments that I have experienced during my 19 years on the Commission's staff. Mr. Casey was an able Chairman and a fine person. I am grateful for the opportunity to have served him during his term as Chairman of the Commission. If I can be of any further assistance to you, please do not hesitate to call me.

Sincerely yours,

STANLEY SPORKIN.

Senator MOYNIHAN. With respect to the Vesco matter, Mr. Sporkin states that your conduct was more than legal behavior, it was more than responsible behavior; it was, in his judgment, exemplary behavior. I would like to read two paragraphs at the end of the letter in which Mr. Sporkin says:

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Now, I'm sure it's most welcome for you to hear that. This committee will welcome its being stated. But it doesn't entirely deal

with the point we are most concerned with. It addresses much of that point. We are prepared to learn that you were an exemplary chairman, and you were, and energetic and innovative; but how do you feel about telling this committee things we need to know and you would just as soon not more than two people in the world know?

REPORTING TO COMMITTEE

Mr. CASEY. Well, Senator, I intend to comply fully with the spirit and the letter of the Intelligence Oversight Act. I intend to provide this committee with the information it believes it needs for oversight purposes. I believe the detailed implementation of that general intention is something we will work out as we go along.

I would intend to follow the practices that have been worked out with the President, the incumbent of this office or the office for which I've been nominated. And there are some reservations of constitutional authority that relate to the President's constitutional authority.

I cannot conceive now of any circumstances under which they would result in my not being able to provide this committee with the information it requires. I would obviously have to be subject to and discuss with the President any particular situations which I cannot now foresee, and I would do that in a way that this committee would know about.

Senator MOYNIHAN. Well, I thank you, sir. I heard you say that you could not conceive any circumstances in which you could not share information with this committee.

Mr. CASEY. I said I cannot now conceive.

Senator MOYNIHAN. You said not now conceive, and not for nothing did you go to the Fordham Law School. They taught you prudence. But you have been in this community for 40 years, so when you say that you cannot now conceive, you are speaking from experience; and I take that to be a straightforward answer, and I thank you for it. And I thank you, Mr. Chairman.

The CHAIRMAN. Do you have any questions, Senator?

Senator HUDDLESTON. Of the designee? Yes.

The CHAIRMAN. Go right ahead. Ten minutes.

Senator HUDDLESTON. All right, sir.

UNLEASH THE CIA

Mr. Casey, one of the buzz phrases that has appeared in recent months has been "It's time to unleash the CIA." I don't know whether you've used that phrase or not. I just wonder what is your view of the meaning of "unleashing the CIA" and what do you think is meant by it?

Mr. CASEY. Well, Senator, I have not used that phrase. I like to think in terms of increasing the ability of the organization to initiate and carry out its obligation to perform the thing that it's required to do.

I suppose the term "unleash" is used to apply to suggest that there are ways to ease restrictions, to make them perhaps less cumbersome without infringing in anyway on the rights that belong to American citizens. I think that I will want to review the Executive order. I will want to discuss the existing Executive order.

I will want to discuss the way it has operated and the degree to which the restrictions and the mode in which they have been applied may impair the effectiveness of the organization in carrying out the obligations that are placed upon it, to see whether there is some way to minimize the restrictions which may impair performance.

I will certainly discuss any ideas that I have in that respect that I develop out of those consultations with the members of this committee, and they will not clearly be implemented without the concurrence of the President and the input that this committee can provide.

Senator HUDDLESTON. At any rate, you don't perceive at this time that there is a need to eliminate restraint to the extent that CIA operatives around the world are free to freelance and initiate actions on their own without proper authority and without being certain that they are within the scope of the Government's objectives and laws relating to the CIA.

Mr. CASEY. Certainly not.

Senator HUDDLESTON. You referred to the Executive order. Do you anticipate that there will be a new Executive order?

Mr. CASEY. Well, there's been discussion of a new Executive order. I haven't made up my mind. I've heard a lot of pros and cons, and I really haven't had an opportunity to study and consider it, and I really can't fully study and consider it without getting the advice of those individuals in the intelligence community who have operated under the existing Executive order.

Senator HUDDLESTON. And you have indicated that if such an undertaking is made to develop a new Executive order, you would consult——

Mr. CASEY. It would be in consultation with this committee and its counterpart in the House.

LEAKING

Senator HUDDLESTON. Now, several of us have expressed concern about the matter of leaking and what seems to me to be a new development of leaking for specific purposes of influencing policy. And I agree entirely with Senator Moynihan that this has occurred on both sides of the political spectrum to a large degree, I think, in recent months.

Do you have any specific plans to deal with that problem, both within the administration and without the administration?

Mr. CASEY. I don't have any specific plans. I intend to strongly exercise the obligation of the Director of the CIA to establish and enforce security standards. And I share the general view that's been expressed on the other side of the table here that leaks are intolerable, the kind of purposeful leaks that have occurred cannot be tolerated, and that you cannot maintain an effective and successful intelligence service if the people who are providing information feel it is not secure.

Certainly we must reestablish in the minds of the intelligence service of other nations who are important to us, who provide substantial input, that it is essential to the judgments that need to be made that we're running a secure and leakproof outfit.

Senator HUDDLESTON. What role have you played, Mr. Casey, in the transition team?

Mr. CASEY. Well, I've been chairman of the executive committee of the transition. I have not had any operational control or direction. I spent most of my time catching up with my law practice and assessing the financial damage that I sustained during the campaign, and chairing an interim foreign policy advisory committee which reviewed the whole scope of our foreign and national security concerns.

Senator HUDDLESTON. Were you responsible for or have any part in the employment of Mr. David Sullivan in the transition team?

Mr. CASEY. No.

Senator HUDDLESTON. And do you have any plans for utilizing Mr. Sullivan in the intelligence makeup?

Mr. CASEY. I don't have any plans because I don't know him.

Senator HUDDLESTON. Well, he is an individual who was with the CIA and is no longer with the CIA because of disclosing classified information. I thought it was curious that he would wind up on the transition team.

Mr. CASEY. Well, the transition team was kind of an amoeba-like creature. They were established primarily under the direction of Mr. Timmons, and they were able to go out and add their own advisers to a degree, so that a lot of people popped up that we didn't know.

GUIDELINES FOR PROFESSIONS

Senator HUDDLESTON. Mr. Casey, there are some who believe that certain professions must appear to be independent of Government control in order to perform their functions, in some cases functions protected by the first amendment.

The current guidelines require that the CIA not use journalists, or clerics, or academics as agents, with certain exceptions. Do you think these kinds of guidelines are advisable?

Mr. CASEY. I have to say that I start out in thinking about that problem with the feeling that no American should be deprived of the opportunity to serve his country in any way he can by virtue of his occupation or profession. At the same time, I recognize the sensitivity with respect to certain professions, and I intend to adhere to the regulations and procedures that now apply to the relationships with members of those professions while I study and find out how those regulations work. And again, if I come to the conclusion that they can be liberalized or modified in a way which will improve the performance of the intelligence community, I will consult with this committee before considering a change.

Senator HUDDLESTON. Mr. Casey, the Heritage Foundation and the report of the Republican National Committee last summer suggested that the CIA be broken up into several smaller units, including a quite small independent, clandestine service.

What are your views on that proposal?

Mr. CASEY. Well, I had a prior occasion to study those recommendations. When I served on the Murphy Commission, a presidential,

congressionally-appointed commission to study the organization of the Government for the conduct of foreign policy, we went through the whole range of ideas with respect to breaking up or reorganizing or reconstituting the intelligence community.

We came to the conclusion, which I shared, that fragmenting the organizations then existing would be counterproductive, would not be a wise thing to do. Now, I realize that a lot of time, a lot of water has passed under the bridge, and I would like to take the stance, my state of mind today is that I will go in and approach those possibilities without any preconception, review them again.

I would also say, to complete my perspective on that problem, that I think it's important that we focus and concentrate on getting the community to perform and be quite cautious about reorganizations which might disrupt the opportunity to improve and make its performance more satisfactory. That's going to be my primary focus.

Senator HUDDLESTON. Do you believe that the DCI should retain the control that has been given it through the Executive order over the resources and tasking of the entire intelligence community?

Mr. CASEY. I think if he's required to give leadership to the entire community, which I think is necessary that it be made to work as a cohesive whole, that those authorities are in general, essential. However, I am not wedded to the way they are being exercised. I think it may be possible to exercise those authorities in a more general way and to focus the DCI's attention and effort on making the wheels and cogs mesh rather than attempting a degree of detailed management, day-to-day management, which may or may not be possible at all.

Senator HUDDLESTON. Thank you, sir.

Mr. CASEY. My general style in this has been to set objectives and give people authority to go after those objectives, hold them to their performance, and not get into detailed management. If they don't perform, then you get somebody else.

Senator HUDDLESTON. Thank you. My time is up.

INTELLIGENCE PROFESSION

Senator LUGAR. Mr. Chairman, Mr. Casey. In another forum Senator Biden and I have been visiting with General Haig and thinking through the foreign policy problems that he faces and that we all face, and certainly your statement is of, I think, profound significance that the success of the security of our country in fact accounted to foreign policy and is so critically dependent upon intelligence, upon the information that comes to policymakers. And it's important that they be right, but they have a very difficult time being right without having some basis upon which to make those judgments.

The critical question that I want to ask of you is that granted that premise, and it may or may not be understood by the public, I think the point of your statement is it really does need to be understood, so that as you point out, intelligence will be thought of as an extremely important profession to which young people might be willing to devote their lives, to which the very best in American scholars would be willing to devote their time and effort.

Demonstrably it does not appear that that has been the case in recent years, and this is maybe one reason you have highlighted

this. In short, some of us who have taken a look at analysis in the intelligence area, while giving full credit to people who are doing their best, have come to the conclusion that that is not the best our Nation can produce. Analysis is not the thing that can be churned out as if we were doing an inanimate object production. It is the product of the very best of human minds.

And the question is, how are these persons going to be attracted to the intelligence community? This is an anonymous service. The very best of the analysis may never be known except by historians years later. And when we consider even in this town the number of people doing political analysis and the wide variety of opinions they come to with regard to American politics which is close at hand, makes the problem of getting people to do something on Iran or Afghanistan or the Soviet Union or what have you even more critical.

Have you given some thought to how, through your leadership or through other people you might appoint to help you in this respect, there can be a massive turnaround in the opinion of the intelligence community by people and American scholars who are the very best, and who might be willing to do something for their country, or American young people, American middle-aged people, for that matter, American old people, who are really the very best, who will want to volunteer? We're not having a great, high success in a conventional military situation.

On what basis do you believe you can attract people who are really top flight to this most critical of professions?

Mr. CASEY. I think the analytical profession, as opposed to analyst, in the intelligence community has to be made more attractive. I think that one of the things that happens is in the promotion path, that in order to reach the higher grades people have to establish themselves and get experience as analysts frequently drift off into management, where that's the career path.

I think we have to establish a career path and make it attractive psychologically, socially, and in every other way, for a person to become, seek to become, the most knowledgeable person on the political currents and the composition of Iran, as you mentioned, that you have and can find anywhere.

Now, we're not always going to succeed in that. And that will take time. At the present time, I believe and I know that there are scholars in the academic community, there are researchers and analysts in the business community, there are people who have been abroad in marketing and dealing with other countries, and there are people who live in other countries who are here, who know the country not only its habits and mode of thought, not only in their intellectual way but in their gut, in their instinct, they have a feel for it. And we have to find a way to tap that kind of knowledge and that kind of experience.

Now, what the modus operandi is: How we do it in an effective way and an acceptable way, I am not able to spell out now. But I am certain in my mind that we have to get the input of people who have experience and have acquired knowledge over a lifetime, or a lifetime's worth of knowledge, in the psychology and the political composition and the other things that result in the kind of conduct

and the kind of thinking that prevails in public policy in those countries.

I think that there are scholars, Middle Eastern scholars who have been brought in by people who wanted to get a better understanding of the turmoil, the political changes in Iran, who really had a great deal more insight than some of the people we've been able to bring into the intelligence community who have had to undertake these responsibilities in some cases without the language ability and without even having been in the countries.

Now, we're going to have to make compromises as we go along, but we have to be very vigorous, very alert in supplementing and really bringing back people who have greater experience, to serve as a base for training and developing new analysts in the community. I think we have to reach in every way we can to overcome those deficits.

Senator LUGAR. I know it is unfair to ask for a fullblown plan today of how this is to be done. The purpose of my asking the question is to highlight in this hearing what I see to be a critical problem in your effectiveness, because I think you will have to determine, and you have in your other capacities in life, what kind of style of leadership you personally will offer as well as what you will ask of various of your subordinates, if you will not be up front in these situations.

In other words, it seems to me, even after we have the objective of trying to get the very best of scholars, to attract young people, to turn around American public opinion, that calls for enormous advocacy, really, a sense of drama that clearly has not been present. And you may wish to do that or maybe others will help, maybe, in this committee.

But somehow, it seems to me that we've been wrestling, for example, in the committee with the problem of how we would verify the SALT II Treaty, if we had gone that route, or how we should verify SALT III. It may be absolutely critical in terms of the life and death of people in this country that those skills be focused and, furthermore, that we use our very best imagination anywhere—and there are 225 million of us—to figure out what to do. And it would be an alarming problem if we don't get the people and, secondly, the American public doesn't appreciate why it was necessary to devote that time and effort to it.

Or, in the case of Iran, when we think of all of the turmoil and the trauma of our country over that, it is too late then to wonder why there weren't people who understood the language, the Moslem culture, all the rest of it, although at this particular juncture, certainly, you could point out how critical that might have been in terms of decisions we would have made or deployments we might have done to have saved the grief that has afflicted our country.

I know these are points well known to you, but I did want to take the opportunity of this confirmation hearing simply to make them again, because I think they are the essence in the success of our intelligence picture.

COLLECTION CAPABILITY

Mr. CASEY. I think it's interesting, going back over sort of a recent history, you find that the big leaps in improving our collection capability came from the thinking that someone like Jim Land, the president of Polaroid, brought to the PFIAB, and Bill Baker, the leading scientist at Western Electric brought to the whole business of electronics and communications intelligence.

So, you've got to reach out. You've got to reach out. I think I did that very successfully with the SEC, as I said in my opening statement, in bringing in a lot of people from the industry who just had insights and a feel for the way things actually work that you just don't get if you spend your life trying to regulate in a distant way. You've got to be involved to know how things work and how the problems are and how they could be made to work better.

And I think there are huge areas in scientific and technical requirements as well as in the political and economic activities of the intelligence community in which we have to be more vigorous and aggressive in reaching out to the private sector.

Senator LUGAR. Thank you very much.

The CHAIRMAN. Senator Wallop.

Senator WALLOP. Yes, Mr. Chairman. I just thought we would go down to Senator Biden for a question.

The CHAIRMAN. Well, we have two on this side and two on that side.

Senator WALLOP. Fair enough.

The CHAIRMAN. Let him sit down there. He's better off here than at the other hearing.

Senator BIDEN. I will leave now, Mr. Chairman, if you like.

Senator WALLOP. Mr. Casey, pursuing a little bit Senator Lugar's line of questioning, I think it's fair to say that the American public does not have an adequate recognition of the Nation's need for a viable and strong intelligence community. The country recognizes the need when things go wrong, a rescue mission in Iran that failed, perception of intentions in Afghanistan, or something else. But overall and from day to day, we are constantly under the influence of people who would have us believe that this country can operate without such a mechanism, who to go back to the old nostrum that gentlemen don't read other gentlemen's mail, that somehow or another it is an anathema in a free society. And now you have corporations in this country, and other institutional groups within this country, who are asking to be removed even from consideration for voluntary participation in America's necessary intelligence activities by charter legislation.

How do you view that? Is there something we can do or something you would hope to do as director of CIA to change this dangerous mobility?

Mr. CASEY. Well, you know, I think that there was a time when the American public did have high respect and did recognize the value of our intelligence service. I think it still does down deep. I think what has happened is that the surface perception has been modified by the charges that the CIA and other organizations have become rogue elephants and that you had to focus on reining it in and monitoring and regulating and controlling it.

I think that that perception—I hope that perception has changed. I think that a good job has been done in that regard. Maybe it went a little further than it needed to, but we can continue to evaluate that. I think we have to restore the perception that the American intelligence community has really the largest and, I think, one of the finest scholarly communities in the world. There are more people with advanced degrees there than there are, I believe, in any university or any other institution worldwide.

And I think we can do a lot to enhance that perception and take the focus off the alleged misdeeds that go well back into the past, and maintain the perception that I think now exists that there is a better degree of congressional oversight, that there is cooperation between the Congress representing the people and the intelligence community discharging its obligation and performing its task.

And I think that as we improve and get the kind of support that is needed from the rest of the community—the business community, the academic community—to overcome some of the deficiencies that Senator Lugar has highlighted, I think there will be a restoration of mutual trust and confidence between the intelligence community and the rest of the American business and academic community. I think all that will help.

Senator WALLOP. That's really true, I guess. I mean, any such organization within a free society will have a difficult time, because, obviously, your successes remain relatively unknown and your failures are often the only things that ever reach the public's attention.

It seems to me that we must do something to raise the Nation's perception of the valuable contribution which intelligence makes to national security. I mean, we simply cannot exist as a country without a capable intelligence community.

PERCEPTION AND UNDERSTANDING

Mr. CASEY. Well, I think that there could perhaps be a wider perception and understanding of the magnitude of the intelligence activity that's carried on here and worldwide by our major adversaries.

Senator WALLOP. Well, I also think, that many people don't recognize the other kinds of services that the intelligence community can provide to the country. I note your speech in here to the American Bar's conference on law, intelligence, and national security regarding economic intelligence and some of the major failures that the country has suffered in that field. Surely, that's a matter of concern to anybody in a country whose major economic capability to compete within its own market—never mind world markets—is declining.

Maybe those are areas that we ought to address in the public perception of what an intelligence community does, that it's not only government-to-government combat and scurrilous alleys in the cities of the world, but these are the requirements of a mature nation to exist and to compete in the world.

Would you agree with that generally?

Mr. CASEY. Yes; I do. And I might elaborate a little further. This has become an increasingly competitive world, and, you know, unless we can compete more effectively in things like autos and

steel and new energy sources which are vital to defense, you can't have tanks, planes, or any other kind of industrial mobilization capability without strong strength in these critical industries. And we've been losing. And I think that's why we're losing and what needs to be done, the kind of competitive abilities that's permitted other nations to take these markets away is a legitimate object of intelligence.

I think, also—and I took a particular interest in this when I was on the PFIAB—that we should know a more precise measure of the degree to which the kind of financial and trade and economic aid we've provided to some of our adversaries has permitted them to put a heavier concentration of their output and their manpower into building up the military machine which, in turn, forces us to match them, and it really sucks substance out of the economy and the ability to maintain and increase the public living standard.

So, there is a correlation between the economic and the military. I think it's something that needs to be stressed more clearly and forcibly.

Senator WALLOP. Well, in line with that, would you anticipate a more active and forceful role of the DCI with regards to technology transfer?

Mr. CASEY. Well, I really can't—I wouldn't want to say that it would be more forceful or active, because I don't know quite how it is, how it functions, and how it does relate to the responsibilities—

Senator WALLOP. But you would have no hesitation in expressing the real reservations of the community about the transfer of given technologies that perhaps has not been viewed from the perspective of the community, would you?

Mr. CASEY. Well, there certainly have been transfers of technology which I haven't approved of. Now, whether that responsibility can be put—or the degree to which that responsibility can be put on the community, I really don't know. This is decided at—I have been involved in it at the State Department—this is decided at an interdepartmental level, and the Department of Defense is usually on one side and State and Commerce and others are on the other side.

And I don't know the degree to which the intelligence input is counted or is important now. But I think it should be, and I would seek to see that it is.

Senator WALLOP. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Biden.

Senator BIDEN. Thank you very much, Mr. Chairman.

Mr. Casey, you come to this task in many ways better prepared than anyone in my 8 years' experience on this committee. I shall begin by complimenting you on your statement. I think it was a very good statement. But there are a few things I would like to pursue with you, if I may.

FORMULATION OF POLICY

It seems, as I said, in my limited experience here in the Senate, that most times the personal relationship of an individual officeholder to the President has more effect upon the formulation of policy than the institutional relationship that person might have.

To be more specific, we have seen, to my chagrin, where the less important job of national security adviser, than the job of Secretary of State, the degree of the personal relationship effects policy more than the degree of the institutional relationship. And you are a very close friend of the President of the United States of America. You have been his friend for some time, as I understand it. You were a chairman of his campaign. And all of us, being political animals, know very well that that is a relationship, if it lasts, which is one that is the closest of all. You've been there when he's been way down; you've had to figure out how to buoy him up. You've had to help when he's way up to pull him down. And consequently, you have a very close personal relationship.

So, I would suspect that your role, a very important role, as DCI, coupled with your personal friendship, you may have more personal influence upon policy than other DCI's have had—we haven't had DCI's very long—other heads of CIA have had, not only in terms of influencing policies as they relate to the intelligence community, but also affecting policy as it relates to a broader range of foreign-policy options.

You cited one, transfer of technology. There is a raging debate, has been for some years, as to whether or not our allowing the Soviets to be in a better position to meet their economic needs is beneficial or detrimental to our interests.

The prevailing school of thought, I think, in past Republican—recent past—Republican administrations and Democratic administrations has been we're better off if they are economically better off; our national interests are better off. And you express a view that at least indicates you may have a different perspective on that issue than is the prevailing view.

Now, I am very curious that, in light of the fact that you have not only been a producer but a consumer of intelligence material from your days in the OSS straight through to you're a member of the Advisory Committee on U.S. Arms Control, Export-Import Bank, Under Secretary for Economic Affairs, and you've also been in an advisory capacity as an outsider looking at the agency. You have been on the Murphy commission; you have been on President Ford's Foreign Intelligence Advisory Board. And you mentioned a new board or commission that you are on and have been in the last couple of months relating to the intelligence community and foreign policy in the Reagan administration.

So if anyone should be prepared to answer questions as it relates to his personal views as to the makeup of the community, I would think you are more qualified than anyone we have ever had before us.

Now, it's in light of your background and your relationship to the President that I ask some of the following questions.

I would like to first begin by asking you what has become sort of a—it's not a very high-sounding phrase, but reporters will come up to me and all of us up here, and say, "Well, what report card would you give so-and-so or such-and-such an institution?" And unfortunately, the last administration, in a sense, institutionally codified that phrase "report card."

So I am going to ask you, since you've obviously had an opportunity to view inside, outside, and around this committee, this intelli-

gence committee, what report card would you give us—not as individuals, but as a committee—in keeping the secrets, keeping the faith, so to speak? How good have we been at that?

KEEPING SECRETS

You clearly have looked at it. You've investigated it. You have an opinion about it. And it would be very helpful to me and, I hope, to some of us, to have you share that view.

Mr. CASEY. Well, you know, I don't like to disagree with you, Senator, but the truth is I thought I'd let this committee investigate me before I undertook to investigate it. So I really don't know more than I can pick up in the newspapers, and my general impression is that the committees of the Congress have performed well in maintaining security and maintaining the confidences that have been placed in them.

I don't know. I can't think offhand of any significant transgression in that respect on the part of this committee.

Senator BIDEN. Well, it's not an idle question, and I am not trying to have you compliment or insult this committee just for the sake of hearing the compliment or the insult. But there is a raging debate going on that the Congress as a whole and this committee in particular should not have access to certain documents and information.

The Heritage Foundation, which has been referred to, members of what would be referred to as the "political right," who are on the transition team, who are part of the base from which the President-elect was nominated and elected President, have been arguing for some months and years that this committee should in fact not really exist.

We have tended to counter by saying, "The leaks ain't coming from here, old buddy. They've been coming from other places." Yet, I think the public perception, I think it's important that I get you to respond in terms of how I view whether or not you will be forthcoming with this committee—and I am only one vote—the public perception has been built that somehow the Congress is not capable, and this committee in particular is not worthy, of being privy to the most important—all—the secrets of the Nation.

And I am very interested to know what your view is. If you have a different view than that, I would like to know that.

Mr. CASEY. Well, it seems to me that that issue has raised, and it has been debated, and there have been reasons to be concerned about the leaks that came from various congressional committees. But I think that has been resolved in the Oversight Act of 1981.

I think the general perception is that the public and, I think, most observers believe that a working consultative relationship between the appropriate congressional committees and the intelligence community can be beneficial and that a sharing of information to facilitate that consultative relationship and to permit the Congress to discharge its oversight responsibilities is acceptable and is a way of life under which we're going to conduct ourselves.

Senator BIDEN. In your experience, do more leaks come from this committee and the Congress or from the Defense Department?

Mr. CASEY. I really have trouble answering that. I think there were some leaks from the Defense Department of which I was very

critical during the campaign that seemed to be deliberate leaks for political purposes, and it was so charged. I haven't seen anything of that kind. I would be shocked if any of that kind did come from this committee, and I don't in any way expect it.

So I would have to give this committee a better report card right here than the Defense Department.

Senator BIDEN. I appreciate that.

Senator JACKSON suggests—and I agree—but I guess I am getting in the wrong area. I got a note that says, "Time." My last note would be, "Pull the microphone closer so Senator Jackson and I can hear your responses."

Thank you very much. I will be back for more questions.

Mr. CASEY. I have it in my lap now.

STATEMENT OF SENATOR JACKSON

Senator JACKSON. Thank you, Mr. Chairman. I would like to ask unanimous consent to include at the outset a brief opening statement. I didn't want to take the time of the committee.

The CHAIRMAN. Without objection.

[Prepared opening statement of Senator Henry M. Jackson follows:]

OPENING STATEMENT OF SENATOR HENRY M. JACKSON

Mr. Casey, it is a pleasure to have you with us today. You are taking over the leadership of this nation's intelligence community at a critical time in our country's history. When the United States had overwhelming military superiority over the Soviet Union, our intelligence capabilities were important. However, in an era of parity, or "essential equivalence," the need for first rate intelligence on which to base our foreign policies and defense strategies becomes critical. In fact, in such circumstances as we find ourselves today, a dollar invested in intelligence may return a higher yield than a dollar invested in weaponry.

I believe that we have not devoted the level of resources to America's intelligence capabilities that the times require. We need to develop a better balance among our collection means. We need to fund promising technologies, and we need to reinvigorate our human collection capabilities, especially for critical parts of the world.

But more than collection, we need to rebuild a first-rate intelligence analysis capability. The Congress, and this Committee in particular, has taken the lead in pressing for higher quality intelligence analysis. I would like to see the Administration assume the leadership in this area. Our country requires today an intelligence community that attracts and keeps the finest analytic minds available. We need more and better analysts. And we need to tap the research and knowledge of our nation's top scholars. As I have said in public on a number of occasions, there is no better way Americans can serve their country than for them to contribute to our intelligence capabilities.

The needs are clear; we have the right kind of Congressional oversight of intelligence in place; and we in the Congress stand ready to assist in an across-the-board reinvigoration program. I look forward to working with you in this area, Mr. Casey.

Senator JACKSON. Mr. Casey, I have been following intelligence matters for the last 30 years up here. And we go round and round, and in the last analysis we get back to analysis. It's a people problem. I have observed that our ability to collect, thanks to modern science and technology, is improved enormously. Would you agree?

Mr. CASEY. Yes, I do.

Senator JACKSON. Yet, there are situations, I know, without getting into it here in this open session, where an important scholar in our country has provided more accurate analysis without access to any classified information, and was able to predict quite accurately what did happen.

And I just want to say amen to a very fine statement that you made here in the opening remarks. And I think everyone ought to read it, and the country ought to take to heart your statement on page 5 where you say:

We should call on young Americans to serve their country in the field of intelligence. We should ask American scholars to serve their country by sharing scholarship and insights with those in the community who are responsible for preparing the intelligence analyses used to develop foreign policy and defense strategy.

I think the tragedy in this country is that "intelligence" has become a dirty word. Yet the truth is that in the Battle of Britain it was the dons, as you know, from Cambridge and Oxford that played such a critical role in analysis, including the breaking of the codes.

We just, with all our might and all our power, need to have our young people understand that there is no greater calling than to go into the intelligence field, which needs the disciplines that are offered by our schools—all of them. There is virtually no discipline, would you agree, that's not involved——

Mr. CASEY. That's correct.

Senator JACKSON [continuing]. In the need to analyze the information?

INTELLIGENCE ANALYSES

We get all this information out on the table, and then we always ask, "What does it mean?" And it is in this area, I think, where the great building needs to take place. These are things that we should talk about publicly and need to reiterate them over and over again. And this country does have the scholars.

I think when one asks right now of the State Department, "Who is your expert on China, on the Soviet Union," you will get a blank. I find that I get some of my best scholarly input outside the United States. The days of the Chip Bohlen's and the Tommy Thompson's were a sort of a golden era in foreign policy and foreign relations. And I just think we can do better. And I, having worked with you here these last few weeks on President-elect's—I don't recall the exact title——

Mr. CASEY. It's IFPAB, Senator.

Senator JACKSON. Well, we keep changing it. But anyway, it's foreign policy assessment.

Mr. CASEY. Board.

Senator JACKSON. And which I want to commend you unto my colleagues that Mr. Casey has been a masterful chairman, and we're looking at the whole world with all its problems.

It seems to me that one of the most important things the new administration can do is to really carry on a crusade to enlighten our people, to understand—and especially the young, yes, and the professors as well—of the importance of a good intelligence organization. Not for war, but for peace. Wars can be prevented if we have an accurate assessment of what's going on. And it can be one of our most formidable tools in achieving peace.

So I don't know how you do it in detail. I think you've indicated you don't have an immediate prescription. Is that right?

Mr. CASEY. Well, I don't think there is, I mean, a total prescription. I think you just have to work at it and reach out and bring in

and bring in all the talent and all the scholars and all the expertise and experience you can.

I think also, Senator, if I might just say a couple of things that your comments have raised in my mind, I think the idea there is any one best scholar is a fallacy. You know, one fellow is right at one stage, and then someone over here who has it at another stage. You've got to reach out and get a range of opinions.

I think the process of doing a lot of negotiating to get an estimate and get that estimate expressed in words that are agreed upon and negotiated is frequently misleading, because the policymaker, the fellow who has to make a decision, he doesn't know what exactly he's going to be faced with, he doesn't know whether that estimate is going to be right or wrong. So if he's doing his job, he's got to prepare and adapt to meet a range of possibilities. And so he's got to get the range of opinions and range of possibilities and get them properly analyzed and properly reflected and presented.

Senator JACKSON. I would agree with you. The need for dissent, the need to be able to advocate extremely unpopular points of view within the intelligence community is absolutely essential.

As I look back 30 years, I would say that the greatest single intelligence failure and diplomatic failure of our country in this century is the failure to understand China. The idea that somehow China was Russian because it is Communist. The hardest vote I cast was to vote for Tito in 1948 in the House, after the Yugoslavs shot down three American planes 3 months earlier. And yet, we know that we created and supported a heretic in the Communist church and its caused them no end of trouble since.

And I do believe that the need for dissent and to be able to voice those unpopular views within the intelligence community are vital. And I think of China, in particular, as a classic example of the failure of American intelligence.

Well, I guess I was the witness, Mr. Chairman.

Thank you very much.

I want to commend the President-elect for your appointment. Not only have you had the experience, but I think you've got the savvy.

Mr. CASEY. Thank you, Senator.

The CHAIRMAN. Thank you, Senator Jackson.

I find myself in complete agreement with the statement by Senator Jackson.

I have just a couple for you, Mr. Casey. Are you giving any thought to an assistant?

Mr. CASEY. A lot of thought, yes.

DEPUTY DIRECTOR OF CIA?

The CHAIRMAN. I think I would be correct in informing you that Admiral Robert Inman is held in very high regard by this committee, in fact by every intelligence person I know around the world. And we, I think, again speaking for the committee, do not want to see just some political person sent over here to be your assistant. I don't think you need much assistance, but I think Admiral Inman would be a great addition to your staff if you could see a way to put him on it.

Mr. CASEY. I hope he can see his way to come. I have, I think, Senator, a great need for assistance, and the most experienced and professional assistants that can be found, because, as you know, this job, you wear a lot of hats. You've got the community to worry about, you've got the Agency, you've got the estimates, you've got the consultation with the consumers, the White House, the National Security Council.

So I am looking for experience and talent so I can have the support to properly do the things that we have been talking about this morning.

The CHAIRMAN. I raise the point because I read in the paper that there were quite a few others being considered for your assistant, and I never heard a word of any of them. And we know Bobby Inman.

Mr. CASEY. I didn't see that list. I will have to get that list. Maybe some of them might be good.

The CHAIRMAN. Well, I won't even tell you where I saw it. Now, one other thing. It's been mentioned time and again here, but I think one of the greatest weaknesses that we suffer is in our overseas work. And I think this came about through the wrong activity of the Church committee and other committees of Congress which has directed assault on the intelligence family to the point that I find in traveling that the overseas offices are afraid to engage in covert activity without first thoroughly discussing it with the home office for fear that their futures will be jeopardized.

Now, I don't want you to explain in detail what your feelings are about it, but I think I speak for many people interested in the profession that if we don't have overseas offices free to act covertly without going back home, we're going to get in the same kind of a fix we were in in Vietnam when pilots couldn't attack targets of opportunity.

So I wish you would give that some thought. And if you would like to talk to the committee further about it, I know the committee would be very happy to talk with you.

Mr. CASEY. Thank you.

The CHAIRMAN. Now, I may ask the committee—it's coming up 12 o'clock, and we don't want a recess—do any of you have any other questions?

My second in command here has a question.

Senator MOYNIHAN. Well, if I may, Mr. Chairman, an observation. I think, first, to suggest what the chairman has said about Admiral Inman I cannot but think is the near-to-unanimous view of this committee. And certainly, it would be mine and you are making it your choice. And you and the President will make it.

I wondered if I could make an observation about Senator Biden's remarks, because I think that they could have been misinterpreted when he said, "Do you think that there has been more leaking from the Defense Department than from this committee?" That's sort of comparing Niagara Falls to an old tin roof, you know. But we don't ask you to make that judgment until you've had experience.

But I wonder if it wouldn't be inappropriate for me to say if the time comes when you think that anything serious has been compromised by virtue of information given this committee, I would

hope you would say so. I hope you will tell us. And if you feel so, tell the Nation. We're not immune from your criticism. We have been very vigilant, I think. But if we have not been successful and it's your judgment that we haven't been, you tell us, because this matters.

Mr. CASEY. You can be sure I won't be bashful about that, Senator.

COUNTERINTELLIGENCE

Senator MOYNIHAN. I would like to just ask one question to bring us home for just a minute. And that is to say, Have you given any thought to how we can improve our counterintelligence activities? We have been concerned with this. We observed what appears to be widespread Soviet interception of American telephone communications. We saw some very—some phenomenally successful espionage in the Boyce-Lee affair in California and the Kampiles affair. And then we saw Mr. Boyce escape from prison, and it turns out—you may not know this; I certainly didn't—that when you escape from a Federal prison you are pursued by Federal marshals, which is to say when you escape from Federal prison you are free. [Laughter.]

And if you don't know it and I don't know it—and Mr. Boyce obviously knows it because he now gives interviews to the New York Times about what it's like, how he visited Mexico, he's going to Canada, he's here in the Rocky Mountains here for the moment, the skiing is good, say "Hello" to the folks.

Counterintelligence is a question, is it not, sir? I think there is a demonstrable increase in Soviet activity and bloc activity. And that may require some reorganization. I just put that to you as something the committee is concerned about without having fixed views.

Mr. CASEY. Well, I am very concerned about that. That relates to the question of security that's been raised, leaks that has been raised. And also, the danger that someone is successful in operations that have been conducted by our adversaries can deceive us and mislead us at enormous cost and enormous risk.

So I don't know exactly what needs to be done. With respect to strengthening our counterintelligence capability, I have understood that it had been severely diminished, loss of experienced people and that kind of thing. And it's certainly, Senator, one of the first things we have to try to rebuild.

Senator MOYNIHAN. I thank you.

The CHAIRMAN. Senator Huddleston.

Senator HUDDLESTON. Mr. Casey, I too want to commend your opening statement. I found it reassuring. And my study of your résumé indicates to me you are not only a man of your word but a man with the resourcefulness, ingenuity, and personal resolve to carry out your objectives.

We've been talking about the perception that people have of intelligence and the need for intelligence operations. I would suggest that a part of the popular conclusion about CIA is the fact that a delineation has not been made between intelligence-gathering or information-gathering and covert action, which our chairman has discussed a minute ago. I don't think anybody—certainly nobody I come into contact with; maybe my folks in Kentucky are smarter than others—have any concern at all about having the

greatest informational gathering and analysis operation that you can possibly have.

I don't think we get into any trouble gathering information in the world, even though we do it in a secret way and we do it in all kinds of ways, because every country expects every other country to engage in gathering information. A lot of that gathering is very unglamorous and unintriguing and undangerous. It's just reading newspapers and listening to radios and trying to pick up scuttlebutt at embassy parties.

But covert action is a different thing. We know it's anything from putting a news article in a foreign paper to carrying out a full-scale war. And it ought to be treated differently, I think. And I think when you lump all these kinds of activities in just the term "intelligence," you're not really getting at the problems that we're confronted with.

COVERT ACTION

Every committee I have been on in the Congress has concluded that we ought to have covert action in certain circumstances. And the Executive orders provide for it. And indeed, it does go on.

You were a member of the Murphy Commission, as has been indicated already, which was the Commission on the Organization of the Government for the Conduct of Foreign Policy. I think it concluded its work about 1976. And it had in its findings and recommendations sections dealing with intelligence, and particularly with covert action. I would like to quote from it, if I might, just briefly:

Many dangers are associated with covert action. But we must live in the world we find, not the world we might wish. Our adversaries deny themselves no form of action that might advance their interests or undercut ours. In many parts of the world, a prohibition on our use of covert action would put the United States and those who rely on it at a dangerous disadvantage. Covert action should not be abandoned but should be employed only when such action is clearly essential to vital U.S. purposes and only then after careful high-level review. Covert action should be authorized only after collective considerations of their benefits and risks by all available 40 committee members. In addition, covert acts should be reported to the proposed joint committee of the Congress on national security or to some other appropriate congressional committee.

I would just inquire if you subscribed to those statements at the time the report was issued and whether you do at the present time?

Mr. CASEY. Yes, Senator, I did subscribe to that recommendation. And it generally reflects my views today.

Senator HUDDLESTON. And one other statement that was made by that report, "A new era of cooperation between the executive and congressional branches in foreign relations is vital to the security of our Nation and the peace of the world." And you subscribed to that, then?

Mr. CASEY. Amen. Yes.

Senator HUDDLESTON. That's all I have, Mr. Chairman.

The CHAIRMAN. Senator Biden, did you have anything?

Senator BIDEN. Mr. Murphy, these hearings are difficult—I beg your pardon, Mr. Casey. You can call me "Bidden." [Laughter.]

Mr. Casey, I realize these hearings are difficult in the sense that we are seeking to get a sense of how you are going to run an

agency. And we ask specific questions and you in turn, in order to keep your options open, as you should, must give general answers.

But you gave an answer to the last question of Senator Huddleston when he quoted from the Murphy Commission and you said, that generally reflects my view. Can you give us an exception to that general rule?

VIEWS

Mr. CASEY. Well, what I had in mind when I inserted the word "generally"—I do not know if I can exactly quote the paragraph—was the condition there that covert action should be used only when it is of the greatest importance. Now, I believe there has been a kind of redefinition. It has become a word of art and there has been included in the concept of covert action, as I understand it, either by regulation or law or in some way, a specified range of things, some of which are not of the greatest importance. I would not want to exclude them, and that is the only reason I put in the word "generally."

There are some things, now, I think when we are thinking about strong covert action when you try to intervene in the internal affairs or to influence an election, as we did in Italy in 1948, I think that kind of thing you only do when it is of the highest interest to the United States and when the President and the appropriate authorities perceive it to be.

Now, there are other things of a lesser nature which have now been included in the concept of covert that I do not think we had in mind in framing that language.

Senator BIDEN. Can you give me an example of one of those things, as you did with the situation in Italy?

Mr. CASEY. I do not think I should in open session. I would be glad to give you an example privately, as I think I did when we talked the other day, involving a minor journalistic effort.

Senator BIDEN. Well, the reason why I followed it up is, as you can tell from various comments on this committee, there is at least a slight difference in perception of what the degree of accountability is that should exist. And as I understand and read the Murphy Commission report, really what we are talking about is accountability, accountability of the agency.

I thought that the thrust of whether or not the congressional committee exceeded what it should have, the whole thrust of the Congress involvement in investigating the intelligence community was, the conclusion reached, one of the conclusions reached, was that most times when the Agency or individuals in the Agency got themselves in trouble it was because there was not anybody accountable. There was not anyone who you looked to. There was not one person who banged the gavel and said yes or no.

That was one of the major reasons why the Congress, in conjunction with the executive branch, one of the conclusions reached, was that most times when the Agency or individuals in the Agency got themselves in trouble it was because there was not anybody accountable. There was not anyone who you looked to. There was not one person who banged the gavel and said yes or no.

That was one of the major reasons why the Congress, in conjunction with the executive branch, in effect created the job you are

now being questioned about, that is, the DCI. It was for accountability.

And your experience goes back a long way, my understanding is as far back as the inception of intelligence operations in this country. It sort of grew out of Pearl Harbor, when a commission was set up to investigate, why we were unprepared.

But it would seem to me that if we looked over the history of the past 40 years, accountability has significantly improved the efficiency of the Agency, not only the efficiency but the effectiveness of our intelligence operation. There seems to be a school of thought out there that that accountability is somehow inhibiting the Agency.

As a matter of fact, it is interesting to note that an internal Nixon administration study of the intelligence community conducted in 1971, 4 years prior to the Church committee, concluded, quote:

The operations of the intelligence community have produced two disturbing phenomenon. First is an impressive rise in size and costs. Second is an apparent inability to achieve commensurate improvement in the scope and overall quality of intelligence products.

Throughout our career as a committee—I have been on this committee since its inception—we have striven, I think it is fair to say, to improve the intelligence community. And the point I guess I am trying to make is one in which I would be interested to know your views, is that, rather than leashing or destroying or dismantling the intelligence community, the Congressional Oversight Committee has not interfered with its effectiveness and in fact has positively effected its activities.

And I wonder if you can give us your opinions on the view that I just stated?

OPINIONS

Mr. CASEY. I think that the relationship between the community, its leaders, and this committee should not retard, or I do not see how it would retard, and can only improve by infusing new ideas and demanding higher standards of performance.

Having said that, I would like also to supplement it by saying I think that there is a potential built-in conflict between performance and accountability, which can be handled. Senator Goldwater properly stressed the potential danger of requiring examination and approval of everything that is done in a far-flung operation of anything that the U.S. Government is involved in has a danger of impairing initiative and making it impossible to do things that are important and beneficial, but need to be done now.

There are targets of opportunity. I think the way you have to handle those dilemmas is establishing workable guidelines within which your people can function and operate within standards that are acceptable. Then if something is done that exceeds those guidelines, then you have got to deal with that. You have got to know about it, you have to get it reported on, and you report on it.

But I think there is a point at which rigid accountability, detailed accountability can impair performance, and I think that that should be recognized.

Senator BIDEN. Do you make a distinction between covert and clandestine activities?

Mr. CASEY. I have not thought about it, but I understand the two words differently. Covert primarily brings to my mind unacknowledgment—

Senator BIDEN. I beg your pardon?

Mr. CASEY. Nonacknowledgedability. Clandestine activity is one that is secret, that is not necessarily nonacknowledgedable.

Senator BIDEN. To illustrate the way in which we have tended to deal with it on this committee—I can make a hypothetical case. If we were eavesdropping on the planet Mars, the folks who live on Mars, and we planted a receiver in the president of the planet Mars' ready room, that would be a clandestine activity.

If in fact we planted a person in there who had as his goal the objective to do something to or about, to alter the action that the president of Mars was about to take, that would be a covert activity. That is generally how we treat it.

Mr. CASEY. It might also be clandestine.

Senator BIDEN. It might also be clandestine. But the reason I raise it is not unimportant. We had a little bit of a fight—at least I do not think it is unimportant.

We had a little bit of a dilemma with the last administration as to whether or not a clandestine activity which could have a great impact upon our foreign policy and whether or not we were dragged into or out of a conflict should be treated in the same way as a covert activity.

Everyone acknowledged we should be made aware, within the scope of the rules of the committee, of any covert activity. But some suggested that they not require the administration, if they were planting a bug in the president of Mars' ready room, that we should be aware of the fact that we had a clandestine operation underway.

And I am wondering whether or not you have a view as to our right to be aware of major consequential clandestine activities that the agency has underway or would have underway under your situation.

Mr. CASEY. Well, my off-the-top-of-my-head response to that is that a major, sensitive clandestine collection operation which could entail embarrassment or danger if it did not work is the kind of thing that ought to come to your attention. Other things that are more routine as a practical matter of doing business you would not expect to have brought to your attention unless something went wrong with them, and in this case you would expect to have it reported to you.

Senator BIDEN. My time is up. I will come back on the second round. Thank you—or the third round.

The CHAIRMAN. Are there any other questions that other members of the committee would like to pose?

Senator HUDDLESTON. Mr. Chairman, can I just make one short comment? I just point out that intelligence gathering and analysis is not an exact science.

No matter how well we operate, no matter how efficient we get, no matter how many good minds we get to study a problem, there will always be instances where we miscalculate, or where the best intelligence in the world could not prevent situations from develop-

ing around some spots in the world adverse to the interests of the United States.

What happens so frequently every time something happens that is not in the national interest is that there is a great cry that there has been an intelligence failure, when in fact in many cases it has not been an intelligence failure at all.

So I think we have to keep in mind that we are not going to get to the point where we can control all of the events all over the world, regardless of how good our intelligence might be.

Senator BIDEN. Mr. Chairman, I do not know what the committee's plan is. I have, not in an effort to delay, at least 15 to 20 minutes more questions. And I will not ask the questions if anyone on the committee thinks they are inappropriate as I frame them, and I will not pursue it.

But I would like to—I know it seems like you are trying to work out a time problem here, and I have at least 15 more minutes of questions that relate to substantive areas, not any fishing expedition.

The CHAIRMAN. There is a time problem. Would the Senator like to submit the questions in writing? Because I quote rule 5.5:

The Committee vote on the confirmation shall not be sooner than 48 hours after the Committee has received transcripts of the confirmation hearing, unless the time limit is waived by unanimous consent of the Committee.

And it would be the Chairman's idea that within 48 hours of this time we would poll the committee to find out what vote they care to make. But many of us have hearings coming up shortly that we have to be prepared for and other commitments. So I suggest that submitting the questions in writing might be a more appropriate form.

Senator BIDEN. Mr. Chairman, I suspect it will take longer to answer them in writing and further delay our ability than if I just take the next 15 minutes and ask them. I give you my word, I have no intention of objecting. I agree to any unanimous consent request.

We are now at 19 minutes after. How about if I agree to stop asking questions by 20 minutes of 1, and then if I have any left I will submit them, but I will not even attempt to submit them—it will certainly take longer and take more of the committee's time for me to submit them in writing and have them answered in writing.

The CHAIRMAN. You have until 25 minutes of 1. Go ahead.

Senator BIDEN. Thank you very much, Mr. Chairman.

By now I know, as they say in the South, I know how y'all felt being in the minority.

The CHAIRMAN. You will get used to it.

Senator BIDEN. I hope I can act responsibly.

Mr. Casey, back to the point I was making about the distinction between clandestine and covert. The reason I did that is that we have a law that covers them both, and I just wanted to know your view, rather than refer to the law.

"SIGNIFICANT ANTICIPATED INTELLIGENCE ACTIVITIES"

The law that we have passed points out that there are different ways in which intelligence can be gathered. The oversight provi-

sions speak to, quote, significant anticipated intelligence activities, end quote. They include more than just covert operation.

Now, I want to make sure that I understand. Do you agree with the interpretation, that the phrase "significant anticipated intelligence activity" includes more than merely covert activity?

Mr. CASEY. Yes.

Senator BIDEN. Fine, thank you. In the interest of getting this finished up, I will try to go pretty quickly here.

You know, it was raised very forthrightly by Senator Moynihan, the issue of ITT and the letter received commending you on your chairmanship at that time and the manner in which you handled that issue. We are all aware you have been confirmed twice since that whole thing came up by other committees. My recollection is I voted for you on those occasions.

But I do think there is a distinction, a difference that is worth being made here. And that is that the difference between congressional oversight of the intelligence agencies and the oversight of the SEC is that, A, with the exception of the FBI, the intelligence community does not have investigative files for law enforcement purposes; and, B, there exists a statute authorizing this oversight committee to be furnished all information, which we have already discussed.

Now, the debate usually surrounding prior committee confirmations of you as it related to ITT surrounded whether or not you in any way impeded the pursuit of justice. And I think it is kind of hard to argue that you impeded the pursuit of justice when you gave the Justice Department the files.

But there is a different issue at issue here, and that is whether or not under similar circumstances, if this committee were seeking to gain information which statutorily you would be required to give, whether or not you would do what was done there, and that is transfer those files to another agency, in this case the Justice Department, in order to prevent us or inhibit us from gaining access to those files.

REPORTING TO COMMITTEE

Even though that would not be impeding a criminal prosecution in any way, it would be a direct attempt to delay the right of this committee to have access to information. And I would assume from the way you have been so forthcoming that you would not countenance doing that; would you?

Mr. CASEY. No, I could envision no circumstances under which that would come up. This was a special circumstance where I was chairing a Commission which had responsibilities of an oversight nature to the Congress and responsibilities to protect potential criminal prosecution to the Justice Department, and those two obligations came in conflict.

It had been traditional practice and a longstanding practice of the Commission not to deliver information from open investigative files. What was done was an act of the whole Commission, voting unanimously.

Senator BIDEN. By the way, I for one do not question what you did there. I just wanted to make the point.

Mr. CASEY. Well, I see no analogy at all, no common circumstance.

Senator BIDEN. Fine. Also, you know, the present Executive order—you indicated, at least I thought, there is no new order on the shelf ready to be pulled off. You haven't made your mind up about that.

The present Executive order requires that improper intelligence activities be reported to this committee. Would you envisage any Executive order that would not require that? It may also be required in the law. Is it also in our statute? Well then, that answers that question.

Do you feel that that also should apply to improper, as opposed to illegal, as distinguished from illegal activities of the intelligence community? Let me put it another way.

Do you think in your role of trying to build the morale of the Agency that, if you are required to come to this committee and say, hey fellows, you know, the Agency really blew it and such and such improper activities have occurred—what impact do you think that would have on your effectiveness to do what you feel has to be done with the Agency?

Mr. CASEY. None.

Senator BIDEN. None. All right.

All right. Then I assume—and I think it is important to ask it for the record—you would have no reluctance to report to this committee or to comply with existing legislation, even if it would prove to be an embarrassment to the President of the United States?

Mr. CASEY. No.

Senator BIDEN. I am almost there, Mr. Chairman.

Now, one of the areas of conflict that exists—and it is very difficult, and I do not expect you to be able to answer this, but I expect you to consider it—is that in the good old days, from my perspective, when the Democrats were in control, I happened to have been chairman of a subcommittee on the Judiciary Committee, which I now rank on, and the corresponding interest on this committee and on the Foreign Relations Committee, of which I am a member, that relates to international drug trafficking and organized crime.

And what I have found in our studies and discussions with agency people, the State Department people, and with FBI agents, DEA agents, Customs agents, et cetera, is that neither State nor the intelligence community views the international drug trafficking or organized crime activities as something that really comes up on their scope. It is not really much of a priority.

And I am not suggesting that it should be. But I would like to ask you whether you would be willing to have someone under your command look into and be willing to speak with me and others about the ability to greater coordinate the issues relating to international drug trafficking.

You are uniquely situated. The FBI has concerns that would impact upon the foreign involvement of organized crime, not American citizens. Would you be willing to talk with me and others about that?

Mr. CASEY. I will look into that and talk to you as soon as possible.

Senator BIDEN. I appreciate that very much.

Now, one of the issues I raised this very morning with General Haig related to the whole question which has been raised here about leaks and particularly the leaks that occurred in the transition team. And by the way, they occurred in a Democratic administration. That is not to suggest that somehow you had done anything improper if they occurred.

But what is disturbing is what Senator Moynihan has pointed out. Leaks have been a way through which there has been a very conscious effort to affect policy, to put pressure on your own man, whether your man at that time was a Democrat or a Republican.

It seemed clearly that the leaks that we referred to with regard to the transition team were definitely done to influence policy, to put the new President, the President-elect, in a position that would make it difficult for him to take a position different from that which was leaked.

PLUGGING LEAKS

Now, I asked the question, and I ask it of you: We have been arguing here in this committee—debating is a better word, I guess—off and on for the past year the question of what—and in the Judiciary Committee—the question of what actions we should take, if any, as a Congress to help plug up those leaks. And some have suggested, not many, but some have suggested that if we cannot find the person who leaked the information, many times, as in the case of the New York Times correspondent referred to, many times we can find the person to whom it was leaked, because he or she waves the paper, prints it in, puts their bylines on it, and says: Here, this is classified, this is top secret. And some could argue that it is injurious to the national interest.

Now, if we can identify that person, should we begin to try to take action against that person? Because sometimes it is so hard to find who leaked the information. We can at least find the one who published the information. Should we take action against the person who published the information if it is clearly detrimental to U.S. interests?

Mr. CASEY. That is a question on which I do not think I could come up with a position on the spur of the moment. It has been litigated in the courts. There has been developed a sort of a journalistic privilege comparable to an attorney's privilege. And certainly I am concerned. If the national interest is seriously injured, it certainly warrants then the protection of a journalistic source.

But that is such a complicated question, with so many considerations and so much precedent, that I do not think I would want to take a position at this time.

Senator BIDEN. Mr. Casey, I am not asking you to take a policy position. I am not asking you to speak for the President of the United States. I am not even asking you what you will do when you are Director.

But I am asking you, a man who has a wealth of experience by a factor of four more than I and many members of this committee, what your personal view is.

Mr. CASEY. I do not have a considered personal view and I do not want to express an unconsidered personal view.

Senator BIDEN. One of the mild, I would acknowledge, but one of the concerns raised that I think should be on the record is whether or not, because of your background as a producer of intelligence, having occurred at a time, a period of time when there was much less sophisticated technological capability than that which exists today, that having been the case, that you might have a tendency to naturally rely more on human intelligence sources than on—hold on, let me check a minute. I have to see whether I can use a phrase.

[Pause.]

Senator BIDEN. I know what it is. I just want to make sure that I can say it.

Rather than on signals intelligence or other forms of intelligence gathering, whatever. Do you feel that you will have that inclination or do you feel comfortable with the more sophisticated means of gathering intelligence than human source intelligence?

Mr. CASEY. I certainly do. I think they are exceedingly valuable. Indeed, I think as I reflect on World War II, the technical means, the overhearing of the signals, were much more important than the human means. The human means were supplementary. And the real trick in intelligence is in putting them all together, getting the mosaic, and then forming a judgment about what it all adds up to.

So I do not think you can exclude any source that will provide the links that might give you the right answer. I certainly think the technical means are terribly important, but they certainly do not eliminate the need for human source information, overt and covert.

Senator BIDEN. Do you think there is a need to drastically increase the number of human source intelligence people? I am getting right there on time, with 15 minutes gone.

Mr. CASEY. I do not know. I do not know what we have.

Senator BIDEN. Well, at the expense of ruining the man's reputation, I would like to concur with Senator Goldwater. We do agree on a lot of things and one is that the absolute best, unquestionably the absolute best person in every respect that has ever testified before this committee is Admiral Inman. In my opinion he is the single most competent man that exists in the entire United States intelligence community.

I think you would be well served if you ended up considering him. And I tell you what: When you get a problem—I am probably building our own demise here—you send him up. He knows a way around us. That is the only drawback to him. But he is super competent, forthcoming, honest, and very, very, very good.

Mr. CASEY. I share that view, Senator, strongly.

Senator BIDEN. Thank you, Senator, for your indulgence.

The CHAIRMAN. Thank you. I hope you apply the same reasoning to General Haig.

Senator BIDEN. I just hope General Haig has those competent people behind him.

The CHAIRMAN. The Senator from New York?

Senator MOYNIHAN. Mr. Chairman, in the interest of Admiral Inman's future in our community, I wonder if the Senator from Delaware would amend his remarks to say that Admiral Inman is the second most capable person in the community.

Senator BIDEN. He may become the second most. Right now he is the most capable.

We have an expression in my State, and you are very familiar with it, being involved in political affairs, Mr. Casey. It goes, "I will campaign for you or against you, whichever will help the most." If it is concluded that it would help for me to be against Admiral Inman, I will so insert a statement to that effect.

Senator MOYNIHAN. Mr. Chairman, I want to make two other quick remarks. One is to say that I am sure Senator Biden will agree, there is not a trace of disposition in this committee to hold journalists responsible in any way for the behavior of public officials. We are concerned about the behavior of public officials and that is where our concern stops.

And second, Mr. Chairman, if you will indulge me, Senator Inouye would have wished to be here. He was our first chairman. He has not been well. He is getting over it. But he asks to send his regards to you and excuses to the chairman. Thank you.

Mr. CASEY. Thank you.

The CHAIRMAN. I thank you.

Does anybody else have any comments? I said that real quietly.

We will poll you, according to the rules, some time in the afternoon on Thursday as to your disposition toward our candidate.¹

And I want to thank you, sir, for being here. You have done a splendid job.

And with that, the committee will stand adjourned.

[Whereupon, at 12:37 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

PREPARED STATEMENT OF DANIEL K. INOUE

Mr. Casey, I would like to join my colleagues in welcoming you to this hearing on your nomination to be the Director of Central Intelligence.

As I am sure you are aware, the post for which you have been nominated is one of the most important in the United States Government. Timely and accurate intelligence is not only this country's first line of defense, but in these perilous times is a major means of preserving world peace.

The most important duty of the Director of Central Intelligence, and the purpose of the vast and complex national intelligence system which he manages and directs, is to provide to the President and the national leadership—both in the Executive and Legislative branches—the best analytic judgments available on the plans and intentions of foreign governments. Independence of mind, mature judgment, and a strong analytic interest are important qualities that must be possessed by the Director Central Intelligence if he is to fulfill his mandate. The Director of Central Intelligence must insure that national intelligence is not only effective but that it functions within the Constitution and laws of this great nation.

As the first Chairman of the Senate Intelligence Committee, I take a great deal of pride in the relationship that has developed between the Congress and the Executive branch on intelligence matters. We have evolved from an adversarial relationship to a relationship characterized by mutual respect for our separate duties and responsibilities under the Constitution. This relationship has served to strengthen the U.S. intelligence system, and I am sure it will continue under the able leadership of my distinguished colleague from Arizona.

Mr. Casey, I look forward to working closely with you and your staff on the many crucial matters that are likely to face this nation in the months ahead. The

¹See page 51.

intelligence community performs a critical function for this country—a function that largely goes unrecognized in times of lessened tensions in the world. It deserves the respect and support of all Americans who value the security that they enjoy.

UNITED STATES OF AMERICA,
OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., January 12, 1981.

Hon. BARRY GOLDWATER,
Chairman, Select Committee of Intelligence,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, as amended, I enclose a copy of the financial disclosure report filed by Mr. William J. Casey. President-elect Reagan has announced his intent to nominate Mr. Casey for the position of Director, Central Intelligence Agency.

We have reviewed the report and have also obtained advice from the agency concerning any possible conflict in light of the agency's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Casey is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER, *Director.*

COMMITTEE VOTE ON MR. CASEY

ROLLCALL VOTE

FOR	AGAINST	PRESENT
Goldwater		Biden
Moynihan		
Garn		
Chafee		
Lugar		
Wallop		
Durenberger		
Roth		
Schmitt		
Huddleston		
Inouye		
Jackson		
Leahy		
Bentsen		

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 20, 1981

The President today nominated William J. Casey of Roslyn Harbor, New York, to be Director of Central Intelligence and to be a member of the President's Cabinet.

Mr. Casey was Chairman of the Executive Committee of the Office of the President-elect, Chairman of the Interim Foreign Policy Advisory Board, and a member of the Transition Appointments Committee.

He is counsel to the law firm of Rogers & Wells of New York and Washington.

Born March 13, 1913, Mr. Casey attended Fordham University where he received his undergraduate and LL.B. degrees.

During World War II, Mr. Casey served as an aide to William B. Donovan in the Washington headquarters of the Office of Strategic Services, as Chief at OSS London headquarters, and as Chief of Secret Intelligence for General Eisenhower's Theatre of War.

From April 1971 to January 1976 Mr. Casey served as President and Chairman of the Export-Import Bank of the United States, Under-secretary of State for Economic Affairs, and Chairman of the Securities and Exchange Commission. From 1969 to 1977 he served on a number of Presidential Commissions, including the President's Foreign Intelligence Advisory Board, the Commission on Organization for the Conduct of Foreign Policy, the General Advisory Committee on Arms Control, and the Presidential Task Force on International Development.

Mr. Casey is a director of Capital Cities Communications, Long Island Lighting Company, and Long Island Trust Company, and chairman of the Executive Committee of the International Rescue Committee, and co-chairman of the Citizen's Commission on Indo-Chinese Refugees.

Mr. Casey is married to the former Sophia Kurz, and they have a daughter, Bernadette.

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